Mandalay Resources Corporation Announces Recent Drilling Results For Costerfield Youle Deposit, Highlighting High-Grade Gold Depth Extensions

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TORONTO, Oct. 21, 2020 - Mandalay Resources Corp. ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to report on the extension of high grade gold into a new domain approximately 100 meters (“m”) below the current mining operations of the Youle deposit.

Youle Drilling Highlights
The first results from the New High-Grade Gold Domain at depth:

- 99.8 g/t gold and 0.2% antimony over a true width of 0.30 m in BC105; and
- 60.3 g/t gold and 0.2% antimony over a true width of 0.24 m in BC145; and
- 144.7 g/t gold and 0.0% antimony over a true width of 0.57 m in BC151

Continued drilling to the north of Youle has seen highlights such as:

- 84.3 g/t gold and 53.8% antimony over a true width of 0.44 m in BC116; and
- 186.0 g/t gold and 37.4% antimony over a true width of 0.27 m in BC140; and
- 214.0 g/t gold and 0.0% antimony over a true width of 0.18 m in BC149 which is the deepest hole down plunge.

Note: A full listing of significant drilling composites can be found in Tables 1, 2 and 3 at the bottom of this document.

Dominic Duffy, President and Chief Executive Officer of Mandalay, commented, “We are pleased to report continued exploration success at Costerfield on the Youle deposit. The continuation of significant gold grades at depth is confirming our expectation that the deposit will add significantly more high-grade mine life to Costerfield’s operations.”

Mr. Duffy continued, “Recent drilling has also indicated potential for significant extension to the historic Minerva Reef. This east dipping reef is situated 50 m above current infrastructure and already dewatered by the Youle operations. A separate mining area close to Youle would not only add additional mine life, but would provide diverse scheduling options allowing for superior optimization of ore extraction.”

Mr. Duffy concluded, “Since first ore in August 2019, Youle has been a consistent producer of high-grade ore. Boundary upgrades achieved through production optimization drilling has extended on-vein development. While this has delayed stoping, metal production for the site has well exceeded planning predictions for 2020, as a result of the excellent grades realized at Youle as demonstrated in our latest guidance update. The successful expansion of Youle is an important step providing a sound economic foundation for continued mine life at significant profit margins.”

Youle Extension Drilling at Depth

Year to date, mining through the upper portions of Youle has delivered average grades of 13.7 g/t gold and 5.4% antimony. The majority of this has come from development with only 20% of tonnage coming from stoping due to the early stages of mining. This represents more than a doubling of the grade mined in 2019,

which was predominantly from the Brunswick deposit.

Alongside this record production, extensional drilling on Youle has been ongoing, with a further 68 holes drilled (with assays returned) since our last news release in June 2020. This work has yielded highly encouraging results – high-grade gold domain at depth as well as another emerging high-grade plunge extension to the north at depth (see Figure 1). The gold within these two domains is of a nuggetty nature hosted within quartz. Antimony is also present, but at lower grades than the current Youle reserves. Current underground development has now reached a level at which deeper exploration drilling on Youle is possible and the program will continue to explore the plunge and depth potential of Youle.

Drilling Above Youle

We have also drilled above Youle to investigate instances of veining that were not extracted during the historic mining of Costerfield. Subvertical veining has been discovered with a number of notable intercepts such as BC129 which retuned an assay of 92.4 g/t gold and 39.3% antimony over a true width of 0.14 m. These intercepts suggest the potential for further undiscovered mineralisation around the historic workings that could be accessed from the Youle infrastructure.

Emerging Minerva Extension

During the course of the 2020 Youle drilling program, drill hole BC142 intercepted a 0.24 m thick laminated quartz vein with significant coarse visible gold and moderate antimony mineralization close to the planned end depth of the hole. We believe this intercept represents a southern extension to the historically mined Minerva Reef, on the eastern side of the group of historic workings (illustrated in Figure 2). The intercept assayed at 12.6 g/t gold and 3.1% antimony over a true width of 0.24 m, some 40 m from the nearest documented historic workings.

Additional historic intercepts attributed to the Minerva Reef include BC003 (33.2g/t gold and 2.1% antimony over a true width of 0.57 m) drilled by Mandalay in 2014 and several near-surface RC holes drilled by AGD in 1995 in the course of open-cut resource definition drilling at Costerfield. Further geological modelling has extended the envelope of potential mineralization to a panel in excess of 400 m by 150 m, the bulk of which has not been systematically drill tested. The Minerva Reef is close to Youle infrastructure and has the potential to increase the life-of-mine resource if an economic panel of mineralization can be identified.

Figure 1: Longitudinal section of Youle illustrating the location of recent Youle extension and optimization intercepts in close proximity to current workings.
https://www.globenewswire.com/NewsRoom/AttachmentNg/3dc26a42-e5e2-4329-8dff-2f29f114cb83

Figure 2: *Section at 6670 northing illustrating the location and orientation of the new intercept on Minerva Reef.*
https://www.globenewswire.com/NewsRoom/AttachmentNg/7f371b2b-1fe1-44e8-aa22-397f0753bec2

Drilling and Assaying

At Costerfield, diamond drill core was logged and sampled by Costerfield geologists. All samples were sent to OnSite Laboratory Services in Bendigo, Victoria, Australia, for sample preparation and assay. Site geological and metallurgical personnel have implemented a QA/QC process that includes the regular submission of standard reference materials and blanks with drill and face samples submitted for assay. Standard reference materials have been certified by Geostats Pty Ltd. (March 30, 2020 Technical Report entitled “Costerfield Operation, Victoria, Australia NI 43-101 Report”, available on SEDAR (www.sedar.com), which contains a complete description of drilling, sampling, and assaying procedures).

Qualified Person:

Chris Davis, Vice President of Operational Geology and Exploration at Mandalay Resources, is a Charted Professional of the Australian Institute of Mining and Metallurgy (MAusIMM CP(Geo)), and a Qualified Person as defined by NI 43-101. He has reviewed and approved the technical and scientific information provided in this release.

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 and Sweden, and care and maintenance and development projects in Chile. The Company is focused on growing production at its gold and antimony operation in Australia, and gold production from its operation in Sweden to generate near term cash flow.

Forward-Looking Statements:

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the exploration and development potential of the Youle and Minerva Reef deposits (Costerfield). 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 30, 2020, 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.

Table 1. Youle Extensional Drilling Composites

Drill Hole ID	From (m)	To (m)	Drill Width (m)	True Width (m)	Au Grade (g/t)	Sb Grade (%)	AuEq (g/t)	AuEq (g/t) over min. 1.8m mining width	Structure
BC069	583.55	584.00	0.45	0.32	0.0	0.0	0.0	0.0	Youle
BC096	527.06	527.85	0.79	0.65	1.0	0.0	1.0	0.4	Youle
BC105	179.18	179.69	0.51	0.30	99.8	0.2	100.0	16.7	Youle
BC106	198.03	198.40	0.37	0.31	0.0	0.0	0.0	0.0	Youle
BC107	149.10	149.42	0.32	0.18	0.4	0.0	0.4	0.0	Youle
BC110	157.81	157.93	0.12	0.09	60.1	31.2	93.9	4.8	Youle
BC118	133.20	133.31	0.11	0.10	18.2	5.9	24.6	1.4	Youle
BC121	133.66	133.77	0.11	0.10	39.6	36.3	78.9	4.3	Youle

BC122	159.09	159.20	0.11	0.06	2.9	7.7	11.2	0.4	Youle
BC123	144.84	144.95	0.11	0.08	18.9	11.5	31.4	1.5	Youle
BC125	37.10	37.21	0.11	0.09	143.0	8.3	152.0	7.8	Youle
BC125	38.37	39.59	1.22	1.02	8.4	1.0	9.4	5.3	Splay Vein
BC126	29.90	30.12	0.22	0.17	20.1	29.3	51.8	4.9	Youle
BC131	167.74	168.97	1.23	0.44	7.4	33.5	43.6	10.7	Youle
BC132	170.20	170.55	0.35	0.19	42.4	0.1	42.5	4.4	Youle
BC136	151.00	151.17	0.17	0.10	46.4	28.6	77.4	4.2	Youle
BC137	168.53	168.69	0.16	0.07	4.5	6.2	11.3	0.4	Youle
BC140	111.99	112.70	0.71	0.63	6.0	4.0	10.4	3.6	Splay Vein
BC140	123.18	123.63	0.45	0.27	186.0	37.4	226.5	34.1	Youle
BC140	126.79	128.10	1.31	0.96	5.5	8.6	14.8	7.9	Splay Vein
BC141A	142.20	142.39	0.19	0.16	59.8	36.6	99.4	8.7	Doyle
BC141A	119.04	119.15	0.11	0.08	0.6	10.9	12.4	0.6	Youle
BC144	147.11	148.67	1.56	1.00	3.4	0.7	4.2	2.4	Youle
BC145	126.13	126.43	0.30	0.24	60.3	0.2	60.5	8.0	Youle
BC147	209.86	210.20	0.34	0.09	12.8	0.9	13.8	0.7	Youle
BC149	137.20	137.55	0.35	0.18	214.0	0.0	214.0	20.8	Youle
BC151	159.56	160.70	1.14	0.57	144.7	0.0	144.7	45.8	Youle
BC155	137.62	137.76	0.14	0.08	9.1	9.1	18.9	0.8	Youle

Notes
1. The AuEq (gold equivalent) grade is calculated using the following formula:

$$\text{AuEq g per t} = \text{Au g per t} + \text{Sb\%} \times \frac{\text{Au price per g} \times \text{Au processing recovery}}{\text{Sb price per 10kg} \times \text{Sb processing recovery}}$$

Figures used are based on a 9-month average from January through September of 2020: Au $/oz = 1,760, Sb $/t = 5,680 Au Recovery = 89.6% and Sb Recovery = 96.7%

Table 2. Youle Production Optimisation Drilling Composites

Drill Hole ID	From (m)	To (m)	Drill Width (m)	True Width (m)	Au Grade (g/t)	Sb Grade (%)	AuEq (g/t)	AuEq (g/t) over min. 1.8m mining width	Structure
BC109	96.33	97.43	1.10	0.45	2.1	1.4	3.7	0.9	Splay Vein
BC109	98.13	98.30	0.17	0.13	1.4	6.0	7.9	0.6	Youle
BC116	115.02	115.46	0.44	0.44	84.3	53.8	142.6	34.7	Youle
BC117	112.14	112.56	0.42	0.42	12.1	9.6	22.5	5.2	Youle
BC119	119.84	120.61	0.77	0.53	23.7	12.3	37.0	11.0	Youle
BC119	116.46	116.87	0.41	0.32	15.4	8.3	24.4	4.4	Splay Vein
BC120	115.73	115.84	0.11	0.10	8.2	14.2	23.5	1.3	Splay Vein
BC120	124.14	124.25	0.11	0.09	61.5	16.2	79.0	4.0	Splay Vein
BC120	131.76	131.98	0.22	0.19	43.9	21.0	66.7	7.2	Youle
BC120	143.44	143.69	0.25	0.15	83.1	0.8	84.0	7.2	Splay Vein
BC120	169.99	170.10	0.11	0.09	7.2	6.9	14.7	0.7	Splay Vein
BC133	127.54	127.65	0.11	0.07	187.0	25.2	214.3	8.4	Splay Vein
BC133	134.89	135.41	0.52	0.36	39.5	20.0	61.2	12.3	Youle
BC134	147.69	148.02	0.33	0.25	0.1	5.4	5.9	0.8	Youle
KD703	138.74	138.85	0.11	0.11	16.8	13.5	31.4	1.9	Youle
KD703	150.62	150.73	0.11	0.10	10.3	9.7	20.8	1.2	Splay Vein
KD704	4.66	4.81	0.15	0.07	1.9	13.9	17.0	0.6	Splay Vein
KD709	22.71	23.20	0.49	0.28	44.6	25.6	72.3	11.3	Youle
KD711	13.96	14.47	0.51	0.42	1.9	2.1	4.2	1.0	Youle

KD712	44.86	45.93	1.07	0.93	20.8	11.2	32.9	17.0	Youle
KD713	44.64	45.22	0.58	0.50	78.6	47.3	129.8	36.2	Youle
KD716	5.23	5.63	0.40	0.34	5.3	7.0	12.9	2.4	Splay Vein
KD717	7.01	7.12	0.11	0.08	95.8	41.4	140.6	6.5	Youle

Notes
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Figures used are based on a 9-month average from January through September of 2020: Au $/oz = 1,760, Sb $/t = 5,680 Au Recovery = 89.6% and Sb Recovery = 96.7%

Table 3. Significant composites above Youle including first intercept into the Minerva Extension.

Drill Hole ID	From (m)	To (m)	Drill Width (m)	True Width (m)	Au Grade (g/t)	Sb Grade (%)	AuEq (g/t)	AuEq (g/t) over min. 1.8m mining width	Structure
BC108	116.02	116.18	0.16	0.15	13.5	7.8	21.9	1.8	Splay Vein
BC108	153.36	153.57	0.21	0.12	1.4	19.0	22.0	1.5	Dominant Vein
BC108	186.63	186.81	0.18	0.09	3.5	4.4	8.2	0.4	Splay Vein
BC112A	105.13	107.01	1.88	1.21	13.9	5.2	19.6	13.1	Dominant Vein
BC112A	98.53	100.97	2.44	1.73	1.1	3.3	4.6	4.4	Splay Vein
BC113	138.72	138.86	0.14	0.14	51.9	15.8	69.0	5.3	Dominant Vein
BC113	113.19	113.33	0.14	0.12	30.0	11.7	42.7	2.9	Splay Vein
BC114	170.77	173.83	3.06	1.39	9.7	2.1	12.0	9.3	Dominant Vein
BC114	131.75	132.85	1.10	0.84	3.2	2.0	5.4	2.5	Splay Vein
BC114	154.30	154.41	0.11	0.08	7.3	10.8	19.0	0.9	Splay Vein
BC125	32.91	33.12	0.21	0.13	31.2	16.9	49.5	3.7	Splay Vein
BC128	136.47	136.67	0.20	0.14	6.0	11.8	18.8	1.5	Dominant Vein
BC129	164.90	165.07	0.17	0.14	92.4	39.3	135.0	10.7	Dominant Vein
BC130	168.76	168.92	0.16	0.10	120.0	9.9	130.7	7.5	Dominant Vein
BC130	172.48	173.07	0.59	0.42	16.8	0.8	17.6	4.2	Splay Vein
BC130	196.74	196.97	0.23	0.21	11.7	38.7	53.6	6.2	Splay Vein
BC142	125.47	125.73	0.26	0.24	7.5	2.4	10.2	1.4	Splay Vein
BC142	199.24	199.62	0.38	0.24	12.6	3.1	16.0	2.2	Minerva

Notes
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Figures used are based on a 9-month average from January through September of 2020: Au $/oz = 1,760, Sb $/t = 5,680 Au Recovery = 89.6% and Sb Recovery = 96.7%