

Mandalay Resources Corporation Announces Production and Sales Results for the Fourth Quarter and Full-Year 2020, Provides Production and Cost Guidance for 2021

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TORONTO, Jan. 14, 2021 - [Mandalay Resources Corp.](#) ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) announced today its production and sales results for the fourth quarter and full-year 2020 and provided production and cost guidance for 2021.

Fourth Quarter and Full-Year 2020 Production Highlights:

- Met full-year 2020 production guidance with a consolidated 103,444 ounces of gold equivalent produced;
- Achieved 35% year-over-year production growth in 2020;
- Produced 24,488 saleable gold ounces during Q4 2020, the Company's highest quarterly saleable gold production since Q4 2017;
- Recorded fifth consecutive quarterly improvement in consolidated saleable gold production; and
- Provided 2021 full-year consolidated production and cost guidance of 105,000 – 117,000 ounces of gold equivalent produced at expected cash cost of \$800 – \$1,000 and all-in sustaining cost of \$1,100 – \$1,350.

In the fourth quarter of 2020, Mandalay produced a consolidated 27,351 saleable ounces of gold equivalent and sold 24,742 ounces of gold equivalent. For the full-year 2020, Mandalay produced 103,444 ounces of gold equivalent and sold 99,935 ounces of gold equivalent.

Dominic Duffy, President and Chief Executive Officer of Mandalay, commented, "Mandalay's significant production performance in the fourth quarter of 2020 reflects the continued strengthening and improvement of our operations. The fourth quarter of 2020 was the Company's best quarterly consolidated gold production quarter since the fourth quarter of 2017 and marks the fifth consecutive quarterly improvement in saleable gold production."

Mr. Duffy continued, "In 2020, Costerfield was a high performing anchor asset for the Company that drove the Company's operational and financial turnaround, producing and selling record amounts of both gold and antimony for the year. The high-grade Youle vein continued to deliver excellent results in the fourth quarter of 2020, as head grades averaged 11.22 g/t gold and 3.5% antimony processed. Overall, Costerfield produced 15,099 saleable gold equivalent ounces during the fourth quarter of 2020 and 58,148 ounces of gold equivalent for full-year 2020. As compared on an annual basis, Costerfield's 2020 production rate increased by well over 2x – a clear demonstration of the high-grade, high-quality ore of the Youle vein. During December we also began underground ore haulage through the newly established Brunswick portal. This halves the ore haulage distances from Youle as we seek to continue lowering our operational costs. The site is pushing ahead with the cavitation tube flotation project, aimed at improving gold recoveries, however, due to manufacturing and delivery delays related to COVID-19 the project has been delayed further. We are forecasting commissioning of the project in the first quarter of 2021. Over the course of 2021, we expect to see a continuation of high-gold grades as we mine deeper into Youle, setting Costerfield up for another strong year with a forecast of approximately 53,000 – 60,000 ounces of saleable gold equivalent produced at a cash cost and all-in sustaining cost per equivalent ounce between \$675 – \$825 and \$950 – \$1,100, respectively."

Mr. Duffy added, "At Björkdal, we saw significant improvements resulting in production of 12,252 saleable gold ounces in the fourth quarter – the highest quarterly amount in 2020 – and 45,296 ounces of saleable gold for the full-year 2020. 2020 was a transitional year for Björkdal operationally, one in which is setting the foundation for an expected improved production profile in 2021 as we continue to

institute; the steady ramp-up in supplying the mill with higher-margin underground ore, more scheduled stoping and advancing development into Aurora's higher-grade lower levels. For 2021, we are forecasting a significant production increase at Björkdal, with expected production of 52,000 to 57,000 gold ounces at a cash cost and all-in sustaining cost per ounce of between \$900 to \$1,050 and \$1,200 to \$1,350, respectively;

Mr. Duffy continued, "Mandalay finished the year with a consolidated 103,444 ounces of gold equivalent produced, a considerable 35% improvement year-over-year. At the same time, safety was, and will continue to be a primary focus of the Company. The Company had its best safety record to date for full-year 2020, with a Lost Time Injury Frequency Rate of 2.86. We look forward to building upon these achievements and creating an even stronger enterprise in 2021. In addition to production and safety, another primary focus will be exploration as we ramp up the spending and drilled meters at both sites over the course of 2021. We expect this to unlock further value and extend mine life of our assets."

Mr. Duffy concluded, "Looking ahead, Mandalay is planning to begin a trial processing of waste dumps carrying gold and silver mineralization over the course of the first quarter of 2021 at Cerro Bayo. However, due to the trial nature of this project, no production has been attributed towards our 2021 guidance. As such, the Company expects to produce an improved consolidated 105,000 to 117,000 ounces of gold equivalent at \$800 to \$1,000 and \$1,100 to \$1,350 per ounce cash costs and all-in sustaining cost, respectively in 2021. This guidance flows from the continuing commitment and dedication of our employees, contractors and the quality of both of our assets. Further details on the 2021 guidance can be found at the end of this press release."

Saleable Production For The Quarter Ended December 31, 2020:

- In the fourth quarter of 2020, the Company produced a total of 24,488 ounces of gold and 858 tonnes of antimony, representing a total of 27,351 ounces of gold equivalent, versus 15,739 ounces of gold and 684 tonnes of antimony in the fourth quarter of 2019, representing a total of 18,594 ounces of gold equivalent.
- Production at Björkdal was 12,252 ounces of gold in the fourth quarter of 2020, as compared to 10,990 ounces of gold in the fourth quarter of 2019.
- Production at Costerfield was 12,236 ounces of gold and 858 tonnes of antimony in the fourth quarter of 2020, versus 4,749 ounces gold and 684 tonnes antimony in the fourth quarter of 2019.

Saleable Production For The Year Ended December 31, 2020:

- In 2020, the Company produced a total of 90,254 ounces gold and 3,903 tonnes antimony, representing a total of 103,444 ounces of gold equivalent production, versus 66,756 ounces gold and 2,032 tonnes of antimony, representing a total of 76,659 ounces of gold equivalent in 2019.
- Production at Björkdal was 45,296 ounces gold.
- Production at Costerfield was 44,958 ounces gold and 3,903 tonnes antimony.

Table 1 Fourth Quarter And Full-Year Saleable Production for 2020 and 2019

Metal	Source	Three months ended December 31 2020	Three months ended December 31 2019	Year ended December 31 2020	Year ended December 31 2019
Gold (oz)	Björkdal	12,252	10,990	45,296	51,498
	Costerfield	12,236	4,749	44,958	15,258
	Total	24,488	15,739	90,254	66,756
Antimony (t)	Costerfield	858	684	3,903	2,032
Average quarterly prices:					
Gold US\$/oz		1,876	1,482		
Antimony US\$/t		6,260	6,187		
Total Gold Eq. (oz) ⁽¹⁾					
	Björkdal	12,252	10,990	45,296	51,498
	Costerfield	15,099	7,604	58,148	25,161
	Total	27,351	18,594	103,444	76,659

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

Sales For The Quarter Ended December 31, 2020:

- In the fourth quarter of 2020, the Company sold a total of 21,689 ounces of gold and 915 tonnes of antimony, representing a total of 24,742 ounces of gold equivalent, versus 13,452 ounces of gold and 665 tonnes of antimony in the fourth quarter of 2019, representing a total of 16,228 ounces of gold equivalent.
- Björkdal sold 10,746 ounces of gold in the fourth quarter of 2020, versus 9,120 ounces of gold in the fourth quarter of 2019.
- Costerfield sold 10,943 ounces of gold and 915 tonnes of antimony in the fourth quarter of 2020, versus 4,332 ounces of gold and 665 tonnes of antimony in the fourth quarter of 2019.

Sales For The Year Ended December 31, 2020:

- The Company sold 87,432 ounces gold and 3,744 tonnes antimony, representing a total of 99,935 ounces of gold equivalent, versus 67,202 ounces gold and 2,026 tonnes antimony in the fourth quarter of 2019, representing a total of 77,043 ounces of gold equivalent.
- Björkdal sold 45,312 ounces gold.
- Costerfield sold 42,120 ounces gold and 3,744 tonnes antimony.

Table 2 Fourth Quarter And Full-Year Sales for 2020 and 2019

Metal	Source	Three months ended December 31 2020	Three months ended December 31 2019	Year ended December 31 2020	Year ended December 31 2019
Gold (oz)	Björkdal	10,746	9,120	45,312	52,280
	Costerfield	10,943	4,332	42,120	14,922
	Total	21,689	13,452	87,432	67,202
Antimony (t)	Costerfield	915	665	3,744	2,026
Average quarterly prices:					
Gold US\$/oz		1,876	1,482		
Antimony US\$/t		6,260	6,187		
Total Gold Eq. (oz) ¹					
	Björkdal	10,746	9,120	45,312	52,280
	Costerfield	13,996	7,108	54,623	24,763
	Total	24,742	16,228	99,935	77,043

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

Mandalay 2021 Guidance:

Table 3 Production and Cost Guidance For 2021

2021E

Björkdal

Gold produced (oz)	52,000 – 57,000
Cash cost ⁽¹⁾ per oz gold produced	\$900 – \$1,050
All-in sustaining cost ⁽¹⁾ per oz gold produced	\$1,200 – \$1,350
Capital expenditures	\$32M – \$36M
Costerfield	
Gold produced (oz)	44,000 – 49,000
Antimony produced (t)	2,700 – 3,300
Gold equivalent produced ⁽²⁾ (oz)	53,000 – 60,000
Cash cost ⁽¹⁾ per oz gold eq. produced	\$675 – \$825
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced	\$950 – \$1,100
Capital expenditures	\$16M – \$20M
Consolidated	
Gold equivalent ⁽²⁾ produced (oz)	105,000 – 117,000
Average cash cost ⁽³⁾ per oz gold eq.	\$800 – \$1,000
Average all-in sustaining cost ⁽³⁾ per oz gold eq.	\$1,100 – \$1,350
Capital expenditures	\$48M – \$56M

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 \$1,860/oz, Sb \$6,600/t
3. Consolidated costs per Au Eq. oz includes corporate overhead spending, costs associated with the tail processing of waste dumps at Cerro Bayo and total care and maintenance costs

Mandalay’s 2021 production guidance is based on:

- The strengthening Australian dollar and Swedish krona relative to the US dollar has had a negative impact on the above guidance as compared to the rates during 2020. This has resulted in an approximate 9% increase in 2021 USD guidance costs compared to 2020 average costs.
 - Average 2020 rates: AUD/USD 0.691 and USD/SEK 9.21
 - Guidance 2021 rates: AUD/USD 0.754 and USD/SEK 8.36
- The expected high capital spend at Björkdal includes \$10.8M of capital works being carried out at the tailings storage facility. This project will allow for tailings capacity through to 2029.
- Capital exploration spend forecast for both sites are:
 - Björkdal – \$4.0M
 - Costerfield – \$6.2M

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 Company's production of gold and antimony, cash costs and all-in sustaining costs and capital expenditures for the 2021 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 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.

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