

Mandalay Resources Reports Solid Q3 2024 Financials and Debt-Free Balance Sheet

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TORONTO, Nov. 6, 2024 - [Mandalay Resources Corp.](#) ("Mandalay" or the "Company") (TSX: MND) (OTCQB: MNDJF) to announce strong financial results for the third quarter ended September 30, 2024. The Company reported a robust 35% year-over-year increase in revenue to \$55.3 million, along with meaningful improvements in net income and operating cash flow.

The Company's condensed and consolidated interim financial result for the quarter ended September 30, 2024, together with Management's Discussion and Analysis ("MD&A") for the corresponding period, can be accessed under the Company's SEDAR profile at 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 2024 Highlights:

- Strengthened Balance Sheet: Cash balance of \$54.7 million as at September 30, 2024, with no debt;
- Cash Flow: Generated \$20.6 million and \$12.9 million in cash flow from operating activities and free cash flow¹, respectively;
- Revenue Growth: Consolidated revenue up by 35% as compared to Q3 2023, at \$55.3 million;
 - Björkdal recorded its second highest quarterly revenue of \$28.0 million;
 - Costerfield generated \$27.3 million in quarterly revenue;
- Cost: Consolidated cash operating cost¹ of \$1,322 and all-in sustaining cost¹ of \$1,790 per ounce of saleable gold produced; and
- Profitability: Consolidated net income was \$5.4 million (\$0.06 or C\$0.08 per share), compared to \$4.1 million (\$0.05 or C\$0.07 per share) in Q3 2023.

Frazer Bouchier, President, and CEO commented:

"Mandalay's Q3 2024 results demonstrate our commitment to a disciplined financial strategy across both operations. This strategy has enabled us to continue to generate cash flow and to further fortify our balance sheet. Q3 was always anticipated to be the lowest production quarter of the year, with Björkdal facing additional weather challenges and Costerfield experiencing grade variability. At Björkdal, we will continue focusing on higher-margin ounces and operational efficiency, while Costerfield's mine schedule is set to shift back towards higher-grade areas in the last quarter of this year. Therefore, as we transition into Q4, we anticipate a return to first-half production run-rate levels, and still expect to achieve our full-year guidance of 90,000 to 100,000 ounces."

Hashim Ahmed, CFO commented:

"Revenue growth and free cash flow generation reflect our cost controls and prudent capital management while benefiting from high metal prices. As of the end of Q3 our cash balance was a healthy \$54.7 million - more than doubling since December 2023 - and we have fully repaid the \$20 million outstanding balance on our revolving credit facility, strengthening our liquidity and financial flexibility. This position supports Mandalay's pursuit of strategic growth opportunities while balancing operational investments."

"Our cash operating cost per ounce rose to \$1,322 year-over-year, driven by higher processing expenses and temporary production at both sites. These increased processing costs were primarily related to tailings and water management at Costerfield and an increased percentage of lower grade surface stockpile throughput to maximize feed at Björkdal. Our all-in-sustaining cost also increased to \$1,790 per ounce. We remain focused on implementing cost control measures in the coming quarters."

Mr. Bouchier concluded, "Our focus on execution and cost management underpins our broader growth objectives. We are committed to maximizing shareholder value through careful capital allocation, operational rigor, and enhancing our assets to deliver sustainable, long-term returns for our stakeholders."

Third Quarter 2024 Financial Summary

The following table summarizes the Company's consolidated financial results for the three and nine months ended September 30, 2024 and 2023:

(\$ thousands, except where indicated) Three months ended Nine months ended

	September 30,		September 30,	
	2024	2023	2024	2023
Revenue	55,289	40,907	173,854	122,756
Cost of sales	25,911	24,245	78,104	80,087
Adjusted EBITDA ⁽¹⁾	27,243	15,422	89,840	37,257
Adjusted net income ⁽¹⁾	10,557	3,654	39,511	943
Consolidated net income	5,352	4,068	27,097	5,146
Capital expenditure	9,004	10,018	30,940	32,889
Total assets	323,728	273,548	323,728	273,548
Total liabilities	96,242	91,669	96,242	91,669
Adjusted net income (loss) per share ⁽¹⁾	0.11	0.04	0.42	0.01
Consolidated net income per share	0.06	0.04	0.29	0.06

1. Adjusted EBITDA, adjusted net income and adjusted net income per share are non-GAAP performance measures with no standard definition under IFRS. Refer to "Non-GAAP Performance Measures" at the end of this press release for further information.

In Q3 2024, Mandalay generated consolidated revenue of \$55.3 million, 35% higher than \$40.9 million in the third quarter of 2023. This was mainly due to higher average realized metal prices: \$2,557 per ounce for gold and \$25,821 per tonne for antimony in Q3 2024 compared to \$1,993 per ounce for gold and \$12,069 per tonne for antimony in Q3 2023.

Mandalay generated adjusted EBITDA of \$27.2 million in the third quarter of 2024 compared to \$15.4 million in the third quarter of 2023. The increase in adjusted EBITDA was mainly due to higher revenue in the current quarter. Adjusted net income was \$10.6 million in the third quarter of 2024, which excludes a \$5.2 million loss on financial instruments, compared to an adjusted net income of \$3.7 million in the third quarter of 2023.

Consolidated net income was \$5.4 million for the third quarter of 2024, versus \$4.1 million in the third quarter of 2023. Mandalay ended the third quarter of 2024 with \$54.7 million in cash and cash equivalents.

Third Quarter Operational Summary

The table below summarizes the Company's production, capital expenditures and operational unit costs for the three and nine months ended September 30, 2024 and 2023:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Costerfield				
Gold produced (oz.)	8,218	8,377	31,221	23,041
Antimony produced (t)	252	395	1,015	1,456
Gold equivalent produced (oz.)	10,697	10,808	39,036	32,278
Cash operating cost ⁽¹⁾ per oz. gold eq. produced (\$)	1,174	975	911	942
All-in sustaining cost ⁽¹⁾ per oz. gold eq. produced (\$)	1,424	1,265	1,168	1,215
Capital development (\$'000)	582	943	2,459	2,791
Property, plant and equipment purchases (\$'000)	690	1,030	2,834	2,627
Capitalized exploration (\$'000)	2,433	1,962	6,662	6,081
Björkdal				
Gold produced (oz.)	9,626	11,224	32,595	30,590
Cash operating cost ⁽¹⁾ per oz. gold produced (\$)	1,487	1,189	1,356	1,375
All-in sustaining cost ⁽¹⁾ per oz. gold produced (\$)	1,967	1,474	1,776	1,781
Capital development (\$'000)	1,941	1,959	6,732	6,529
Property, plant and equipment purchases (\$'000)	1,903	3,195	4,607	11,522
Capitalized exploration (\$'000)	1,455	929	3,066	3,273
Consolidated				
Gold equivalent produced (oz.)	20,323	22,032	71,631	62,868
Cash operating cost ⁽¹⁾ per oz. gold eq. produced (\$)	1,322	1,084	1,113	1,153
All-in sustaining cost ⁽¹⁾ per oz. gold eq. produced (\$)	1,790	1,436	1,530	1,583
Capital development (\$'000)	2,523	2,902	9,191	9,320
Property, plant and equipment purchases (\$'000) ⁽²⁾	2,593	4,225	11,965	14,149
Capitalized exploration (\$'000)	3,888	2,891	9,784	9,420

1. Cash operating cost and all-in sustaining cost are non-GAAP performance measures with no standard definition under IFRS. Refer to "Non-GAAP Performance Measures" at the end of this press release for further information.

2. includes equipment purchased for reclamation activities at non-operating site.
Consolidated cash operating cost per ounce of gold equivalent produced increased by 22% to \$1,322 per ounce in the third quarter of 2024 compared to \$1,084 in the third quarter of 2023 due to the 8% decrease of gold equivalent production in Q3 2024 with 20,323 ounces produced compared to 22,032 ounces in Q3 2023, combined with a 13% increase in cash costs mainly due to increased costs for tailings and water management at Costerfield and increased process plant throughput (tonnage) at Björkdal.

All-in sustaining costs increased by 25% to \$1,790 per ounce of gold equivalent produced in Q3 2024,

compared to \$1,436 in Q3 2023, mainly due to the 22% increase in cash operating costs per ounce of gold equivalent produced. Consolidated general and administrative costs were \$0.9 million higher compared to the third quarter of 2023 mainly due to higher business development costs.

Costerfield gold-antimony mine, Victoria, Australia

During Q3 2024, Costerfield produced 8,218 ounces of gold compared to 8,377 ounces in Q3 2023, a decrease of 2% or 159 ounces. The decrease in ounces produced was a result of a decrease in the average milled gold head grade from 9.56 g/t in Q3 2023 to 8.09 g/t in Q3 2024. Production in Q3 2024 was affected by some unplanned overbreak in Shepherd stopes. Antimony production during Q3 2024 was 252 tonnes, a 36% decrease from the 395 tonnes produced in Q3 2023. This was mainly due to a decrease in the average milled antimony head grade from 2.18% in Q3 2023 to 1.33% in Q3 2024 due to an increased mill feed of ore from Shepherd which carries less antimony than ore from Youle ore body.

The cash operating cost per ounce of gold equivalent produced increased by 20% to \$1,174 per ounce in Q3 2024 compared to \$975 per ounce in Q3 2023, and all-in sustaining cost per ounce of gold equivalent produced increased by 13% to \$1,424 per ounce in Q3 2024 compared to \$1,265 per ounce in Q3 2023, both mainly as a result of a 19% increase in cash operating costs compared to Q3 2023, mainly due to increased processing costs due to higher costs for tailings and water management and increased mining costs due to higher costs for maintenance including unplanned corrective machine maintenance and increased costs for parts. Costerfield generated \$27.3 million in revenue and \$17.5 million in adjusted EBITDA, which resulted in net income of \$8.5 million.

Björkdal gold mine, Skellefteå, Sweden

During Q3 2024, Björkdal produced 9,626 ounces of gold compared to 11,224 ounces in Q3 2023, a decrease of 14% or 1,598 ounces. The reduction at Björkdal was primarily caused by lower mined tonnes due to inclement weather causing flooding in the Main (Eastern) Zone thereby temporarily restricting access to this area. Consequently, the site had to pivot to, and rely on, lower-grade mining areas. With reduced mining flexibility affecting mined tonnes, there was also an increase in low grade surface stockpile feed to maximize plant feed leading to lower production ounces. The gold mill head grade is expected to return to levels of the first half of 2024, as access returns to the Main (Eastern) extension and more material is mined from that more consistent and reliable underground area.

The cash operating cost per ounce produced for Q3 2024 increased by 25% to \$1,487 per ounce compared to \$1,189 per ounce in Q3 2023 and all-in sustaining cost per ounce of gold equivalent produced increased by 33% to \$1,967 per ounce in Q3 2024 compared to \$1,474 per ounce in Q3 2023, both mainly as a result of the 14% decreased gold production combined with a 7% increase in cash operating costs mainly due to higher throughput post the commissioning of the mill conversion capital investment project in Q1 2024 resulting in increased consumption of grinding media and other mill consumables. Björkdal operations also incurred increased consultant costs due to the engagement of a mining optimization group with a focus on improving the utilization of existing technology and systems at the mine going forward into 2025 and beyond. The external group of subject matter experts advised the operations on mine debottlenecking, cost optimization and productivity improvements. Björkdal generated \$28.0 million in revenue and \$11.8 million in adjusted EBITDA, which resulted in net income of \$4.7 million.

Conference Call

A conference call with Frazer Bouchier, President and Chief Executive Officer of Mandalay, for investors and analysts on November 7, 2024, at 10:00 AM (Toronto time). Interested investors may join by using the following dial-in number:

Participant Number (North America toll free): 1-888-510-2154

Conference ID: 13145

Alternatively, please register for the webcast here. A replay of the conference call will be available until 11:59 PM (Toronto time), November 14, 2024, and can be accessed using the following dial-in numbers:

Encore Number (Canada Toll free): 1-888-660-6345

Encore Replay Code: 13145 #

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 regional exploration programs, at both its Costerfield and Björkdal mines. Currently, the Company's main objectives are to continue mining the high-grade Youle and Shepherd veins at Costerfield, and to extend Mineral Reserves. At Björkdal, the Company will aim to increase production from the Eastern Extension area 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 2024. 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, 2024, 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-GAAP Performance Measures

This news release may contain references to adjusted EBITDA, adjusted net income, free cash flow, cash operating cost per ounce of gold equivalent produced and all-in sustaining cost all of which are non-GAAP performance 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 Company'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 "Non-GAAP Financial Performance Measures" section of the MD&A for a reconciliation between free cash flow and net cash flows from operating activities.

For Costerfield, equivalent gold ounces produced is calculated by adding to gold ounces produced, the 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 equivalent ounces produced in the period is then divided by the equivalent gold ounces produced to yield the cash operating cost per equivalent ounce produced. The cash operating cost excludes royalty expenses. Site all-in sustaining costs include total cash operating costs, sustaining mining capital, royalty expense, accretion of reclamation provision and tailings dam amortization. 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 gold equivalent in a period equals the all-in sustaining cost divided by the equivalent gold ounces produced in the period.

For the Company as a whole, cash operating cost per 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 operating 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 ounce gold equivalent in the period equals the sum of cash operating 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 of reclamation provision and tailings dam amortization, divided by the total gold equivalent ounces produced in the period. A reconciliation between cost of sales and cash operating costs, and also cash operating cost to all-in sustaining costs are included in the MD&A.

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