



Mandalay Resources Corporation Announces Production and Sales Results for the Third Quarter of 2019 and Revised Full-Year 2019 Guidance

TORONTO, ON, October 17, 2019 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) announced today its production and sales results for the third quarter of 2019.

In the third quarter of 2019, Mandalay produced 16,625 saleable ounces of gold equivalent and sold 17,814 ounces of gold equivalent.

Dominic Duffy, President and Chief Executive Officer of Mandalay, commented, "Mandalay's production was lower than forecast over the third quarter of this year as a result of Costerfield's underperformance in the Brunswick lode, whilst Björkdal continued its dependable performance of 11,888 ounces of saleable gold produced."

Mr. Duffy continued, "At Björkdal, production continued in line with expectations, while mining at the open pit was paused at the end of July. We anticipate an increase in production in the fourth quarter as we recommence the mining of a higher-grade skarn zone, after infill drilling was carried out during the third quarter. In addition, we plan to increase the production rate from the Aurora zone as more levels are developed. We remain on target to achieve full-year guidance at Björkdal."

Mr. Duffy continued, "At Costerfield, we produced 3,103 ounces of saleable gold and 402 tonnes of saleable antimony, as persisting poor ground conditions in the Brunswick lode limited the production rate and lowered the grade due to significant dilution from overbreak. The metallurgy of the ore has also been problematic with significantly lower than planned gold recoveries for the quarter, although antimony recoveries were as planned. With Youle production gradually coming online in the fourth quarter, we anticipate an increase in production compared to the third quarter as there will be less Brunswick ore through the mill. Furthermore, an initial test of approximately 1,600 tonnes of Youle development ore was processed through the mill with early indications showing comparable, if not better than, recoveries seen in the previously mined Cuffley lode."

Mr. Duffy continued, "Despite the positive developments we expect at both sites during the fourth quarter and beyond, the aforementioned production and recovery issues related to the Brunswick deposit will require an update to our 2019 production and unit costs. We have not increased our total operational cost at both sites, although due to the significant drop in production forecast from Costerfield, expected cash costs and all-in costs at the Costerfield mine, and therefore on a consolidated basis, have been increased. Separately, due to lower than expected capital spend for the year, the upper limit of capital guidance at both operating sites have been lowered by US\$2 million. Details are shown further below in this press release."

Mr. Duffy continued, "The poor gold recoveries and lower grades due to dilution in the Brunswick lode are expected to continue to impact Costerfield's production for the first six months of 2020. However, as the Youle lode ramps up this becomes less relevant and from the third quarter of 2020, it is anticipated that the Youle lode will be the sole feed source for the Costerfield mine."

Mr. Duffy concluded, “Mandalay fully anticipates Costerfield to be revitalized with the ramp up at Youle which we expect to generate positive momentum into 2020. At Björkdal, the Company intends to build on its third quarter production and focus on targeting higher-grade underground skarn material and ramping up Aurora production for increased overall gold production.”

Saleable production for the quarter ended September 30, 2019:

- In the third quarter of 2019, the Company produced a total of 14,983 ounces of gold and 402 tonnes of antimony, representing a total of 16,625 ounces of gold equivalent, versus 13,442 ounces of gold and 505 tonnes of antimony in the third quarter of 2018, representing a total of 16,874 ounces of gold equivalent.
- Production at Björkdal was 11,880 ounces of gold in the third quarter of 2019, as compared to 8,504 ounces of gold in the third quarter of 2018.
- Production at Costerfield was 3,103 ounces of gold and 402 tonnes of antimony in the third quarter of 2019, versus 4,938 ounces gold and 505 tonnes antimony in the third quarter of 2018.

Saleable production for the nine months ended September 30, 2019:

- The Company produced a total of 51,017 ounces gold and 1,348 tonnes antimony, representing a total of 58,065 ounces of gold equivalent production, versus 51,899 ounces gold and 1,613 tonnes of antimony in the corresponding nine months of 2018, representing a total of 62,395 ounces of gold equivalent.
- Production at Björkdal was 40,508 ounces gold.
- Production at Costerfield was 10,509 ounces gold and 1,348 tonnes antimony.

Table 1 – Third Quarter and Nine Month Saleable Production for 2019 and 2018

Metal	Source	Three months ended September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	Nine months ended September 30 2018
Gold (oz)	Björkdal	11,880	8,504	40,508	35,237
	Costerfield	3,103	4,938	10,509	16,662
	Total	14,983	13,442	51,017	51,899
Antimony (t)	Costerfield	402	505	1,348	1,613
Average quarterly prices:					
Gold US\$/oz		1,473	1,213		
Antimony US\$/t		6,015	8,252		
Au Eq. ⁽¹⁾ (oz)	Björkdal	11,880	8,504	40,508	35,237
	Costerfield	4,745	8,370	17,557	27,158
	Total	16,625	16,874	58,065	62,395

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 third quarter ended September 30, 2019:

- In the third quarter of 2019, the Company sold a total of 16,132 ounces of gold and 412 tonnes of antimony, representing a total of 17,814 ounces of gold equivalent, versus 15,144 ounces of gold and 486 tonnes of antimony in the third quarter of 2018, representing a total of 18,450 ounces of gold equivalent.
- Björkdal sold 13,006 ounces of gold in the third quarter of 2019, versus 10,400 ounces of gold in the third quarter of 2018.
- Costerfield sold 3,126 ounces of gold and 412 tonnes of antimony in the third quarter of 2019, versus 4,744 ounces of gold and 486 tonnes of antimony in the third quarter of 2018.

Sales for the nine months ended September 30, 2019:

- The Company sold 53,750 ounces gold and 1,361 tonnes antimony, representing a total of 60,815 ounces of gold equivalent, versus 58,448 ounces gold and 1,725 tonnes antimony in the third quarter of 2018, representing a total of 69,650 ounces of gold equivalent.
- Björkdal sold 43,160 ounces gold.
- Costerfield sold 10,590 ounces gold and 1,361 tonnes antimony.

Table 2 – Third Quarter and Nine Month Sales for 2019 and 2018

Metal	Source	Three months ended September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	Nine months ended September 30 2018
Gold (oz)	Björkdal	13,006	10,400	43,160	40,505
	Costerfield	3,126	4,744	10,590	17,943
	Total	16,132	15,144	53,750	58,448
Antimony (t)	Costerfield	412	486	1,361	1,725
Average quarterly prices:					
Gold US\$/oz		1,473	1,213		
Antimony US\$/t		6,015	8,252		
Au Eq. ⁽¹⁾ (oz)	Björkdal	13,006	10,400	43,160	40,505
	Costerfield	4,808	8,050	17,655	29,145
	Total	17,814	18,450	60,815	69,650

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's updated guidance for 2019 production, cash costs, all-in costs and capital expenditures is set out below together with the original guidance amounts. In addition to the factors noted above, the revised guidance reflects updated metal prices as there has been a significant decline in the price of antimony, and a significant increase in the price of gold since the initial announcement of the original guidance on January 16, 2019. These changes negatively impact projected consolidated gold equivalent production relative to the original guidance. As a result, the tables below present (i) revised 2019 guidance reflecting assumed metal prices of Au\$1,396/oz and Sb\$6,682/t, (ii) 2019 guidance as originally presented (based on the metal prices of Au\$1,200/oz and Sb\$8,200/t), and (iii) the original 2019 guidance adjusted to reflect assumed metal prices of Au\$1,396/oz and Sb\$6,682/t.

Table 3 – Revised 2019 Full-Year Guidance

	2019E
Björkdal	
Gold produced (oz)	50,000 – 56,000
Cash cost ⁽¹⁾ per oz gold produced	\$800 – \$950
All-in cost ⁽¹⁾ per oz gold produced	\$1,030 – \$1,180
Capital expenditures	\$18M – \$20M
Costerfield	
Gold produced (oz)	13,000 – 17,000
Antimony produced (t)	2,000 – 2,300
Gold equivalent ⁽²⁾ (oz)	23,000 – 28,000
Cash cost ⁽¹⁾ per oz gold eq. produced	\$1,300 – \$1,450
All-in cost ⁽¹⁾ per oz gold eq. produced	\$1,700 – \$1,850
Capital expenditures	\$21M – \$23M
Consolidated	
Gold equivalent ⁽²⁾ produced (oz)	72,000 – 84,000
Average cash cost ⁽³⁾ per oz gold eq.	\$975 – \$1,125
Average all-in cost ⁽³⁾ per oz gold eq.	\$1,325 – \$1,500
Capital expenditures	\$39M – \$43M

1. Cash cost and all-in cost are non-IFRS measures. See "Non-IFRS Measures" at the end of this press release.
2. Assumes metal prices of: Au \$1,396/oz, Sb \$6,682/t
3. Consolidated costs per Au Eq. oz includes corporate overhead spending and total care and maintenance costs at Cerro Bayo.

Table 4 – Original 2019 Full-Year Guidance

	2019E
Björkdal	
Gold produced (oz)	50,000 – 56,000
Cash cost ⁽¹⁾ per oz gold produced	\$800 – \$950
All-in cost ⁽¹⁾ per oz gold produced	\$1,030 – \$1,180
Capital expenditures	\$18M – \$22M
Costerfield	
Gold produced (oz)	23,000 – 30,000
Antimony produced (t)	2,600 – 3,100
Gold equivalent produced ⁽²⁾ (oz) – revised prices	35,000 – 45,000
Gold equivalent produced ⁽³⁾ (oz)	41,000 – 51,000
Cash cost ^(1,3) per oz gold eq. produced	\$790 – \$920
All-in cost ^(1,3) per oz gold eq. produced	\$1,050 – \$1,180
Capital expenditures	\$21M – \$25M
Consolidated	
Gold equivalent produced ⁽²⁾ (oz) – revised prices	85,000 – 101,000

Gold equivalent produced ⁽³⁾ (oz)	91,000 – 107,000
Average cash cost ^(3,4) per oz gold eq.	\$850 – \$980
Average all-in cost ^(3,4) per oz gold eq.	\$1,130 – \$1,280
Capital expenditures	\$39M – \$47M

1. Cash cost and all-in cost are non-IFRS measures. See “Non-IFRS Measures” at the end of this press release.
2. Assumes metal prices of: Au \$1,396/oz, Sb \$6,682/t
3. Original metal prices used in the January 16, 2019 press release were Au \$1,200/oz, Sb \$8,200/t
4. Consolidated costs per Au Eq. oz includes corporate overhead spending and total care and maintenance costs at Cerro Bayo

For Further Information:

Dominic Duffy
President and Chief Executive Officer

Edison Nguyen
Manager, Analytics and Investor Relations

Contact:
647.260.1566

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 for the 2019 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 28, 2019, 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.