



MANDALAY RESOURCES CORPORATION ANNOUNCES FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2021

TORONTO, ON, May 12, 2021 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce its financial results for the quarter March 31, 2021.

The Company's condensed and consolidated interim financial results for the quarter ended March 31, 2021, 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.

First Quarter 2021 Highlights:

- Quarterly revenue of \$52.6 million; highest since Q2 2016;
- Adjusted EBITDA of \$26.1 million; third highest in Company's history;
- Adjusted net income of \$5.6 million (\$0.06 or C\$0.08 per share); and
- Consolidated net income of \$25.5 million (\$0.28 or C\$0.35 per share).

Dominic Duffy, President and CEO of Mandalay, commented:

"Mandalay Resources is pleased to report solid financial results for the first quarter of 2021, as the Company continues to execute against our operational strategy. This quarter was very productive as we generated \$52.6 million in revenue and \$26.1 million in adjusted EBITDA – resulting in an EBITDA margin of 50%. Mandalay earned \$5.6 million (\$0.06 or C\$0.08 per share) in adjusted net income during the first quarter, marking our fifth consecutive quarter of profitability."

Mr. Duffy continued, "Our consolidated cash and all-in sustaining costs per saleable gold equivalent ounce during the first quarter of 2021 was \$883 and \$1,212, respectively, slight increases of 4% and 2% as compared to the \$846 and \$1,191 during the same period last year."

Mr. Duffy added, "The Company ended the first quarter of 2021 with a cash balance of \$29.9 million, which was lower than the \$34.2 million at year end 2020. This was due to several factors the main being a change in the payment terms with our principal concentrate customer at Costerfield. This resulted in provisional invoices being paid in the month post-shipment as opposed to the prior contract that allowed for payment five days after shipment date. Consequently, this delayed a payment of \$4.1 million not obtained in the first quarter. Other one-off factors were a one-time upfront deposit of \$2.0 million paid to a contractor responsible for the tailings dam lift at Björkdal and a \$1.1 million cash outflow related to the restart of Cerro Bayo. At the start of April, we sold our first concentrate shipment from Cerro Bayo and expect to see profitability from this project over the coming months.

During this quarter, the Company also repaid \$3.8 million towards the Syndicated Facility leaving \$55.2 million owing and paid a net amount of \$1.5 million to settle obligations under our hedging

programs. We forecast free cash flow to be normalized in the second quarter and the cash position to continue to grow for the remainder of the year.”

Mr. Duffy added, “Costerfield continued with its remarkable performance as it posted \$31.8 million in revenue and \$21.5 million in adjusted EBITDA, up 56% in revenue and 54% in adjusted EBITDA year over year. This strong mine operating margin reflects the constant high-grade feed delivered from the Youle deposit and the relatively fixed cost nature of our operation. The processing plant recorded a gold recovery rate of 93.8% – its sixth quarter over quarter improvement – and with the completion of the Cavitation Tube construction and startup in early April we expect to see further improvements in the second quarter. This quarter reveals the quality of the Youle deposit as it becomes the anchor for the Company with its continued financial and operational performance.”

Mr. Duffy continued, “Björkdal generated stable production and sales with \$20.8 million and \$5.8 million in revenue and adjusted EBITDA, respectively, in the first quarter of 2021. The underground ramp up continued as we mined an approximate 269,000 tonnes at 1.52 g/t of gold; on pace to exceed 1.1 million tonnes of ore from the underground in 2021. Moving forward, we expect grades to increase as we mine further down into the Aurora zone, with more stopes coming into production.”

Mr. Duffy concluded, “Mandalay is tracking well to attain its 2021 production and cost guidance and we forecast significantly better free cashflow for the remainder of 2021. Our focus going forward will revolve around the significant exploration potential at Costerfield, as the program looks to build upon the recent successful verification of grades and continuity of the newly discovered Shepard Zone. At Björkdal, the exploration focus will be on drilling the Main and Lake zones to the north east at depth and extensions of the Aurora zone.”

First Quarter 2021 Financial Summary

The following table summarizes the Company’s financial results for the three months ended March 31, 2021, December 31, 2020 and March 31, 2020:

	Three months ended March 31, 2021	Three months ended December 31, 2020	Three months ended March 31, 2020
	\$’000	\$’000	\$’000
Revenue	52,573	45,320	41,556
Cost of sales	25,414	18,798	18,832
Adjusted EBITDA ⁽¹⁾	26,062	25,346	20,903
Income from mine ops before depreciation, depletion	27,159	26,522	22,734
Adjusted net income (loss) ⁽¹⁾	5,646	12,065	5,186
Consolidated net income (loss)	25,500	14,722	(3,608)
Capital expenditure	12,028	14,194	10,037
Total assets	297,219	301,284	251,067
Total liabilities	143,434	165,505	154,280
Adjusted net income (loss) per share ⁽¹⁾	0.06	0.13	0.06
Consolidated net income (loss) per share	0.28	0.16	(0.04)

1. Adjusted EBITDA, adjusted net income (loss) and adjusted net income (loss) per share are non-IFRS measures, defined at the end of this press release “Non-IFRS Measures”.

In the first quarter of 2021, Mandalay generated consolidated revenue of \$52.6 million, 26% higher than in the first quarter of 2020. This increase is attributable to Mandalay selling 5,437 more gold equivalent ounces combined with higher realized price in the first quarter of 2021 compared to the first quarter of 2020. The Company's realized gold price in the first quarter of 2021 increased by 2% compared to the first quarter of 2020, and the realized price of antimony increased by 50%.

Consolidated cash cost per ounce of \$883 increased by 4% in the first quarter of 2021 compared to the first quarter of 2020, mainly due to higher mining costs and foreign exchange movements. Cost of sales during the first quarter of 2021 versus the first quarter of 2020 were \$3.8 million higher at Costerfield and \$2.6 million higher at Björkdal. Consolidated general and administrative costs were \$0.7 million lower as compared to the prior year quarter.

Mandalay generated adjusted EBITDA of \$26.1 million in the first quarter of 2021, 25% higher compared to the Company's adjusted EBITDA of \$20.9 million in the year ago quarter. Adjusted net income was \$5.6 million in the first quarter of 2021, which excludes the \$20.2 million fair value gain related to the gold hedges associated with the Syndicated Facility and \$0.4 million in care and maintenance costs, compared to an adjusted net income of \$5.2 million in the first quarter of 2020. Consolidated net income was \$25.5 million for the first quarter of 2021, versus a net loss of \$3.6 million in the first quarter of 2020. Mandalay ended the first quarter of 2021 with \$29.9 million in cash and cash equivalents.

First Quarter 2021 Operational Summary

The table below summarizes the Company's operations, capital expenditures and operational unit costs for the three months ended March 31, 2021, December 31, 2020 and March 31, 2020:

	Three months ended March 31, 2021	Three months ended December 31, 2020	Three months ended March 31, 2020
	\$'000	\$'000	\$'000
Costerfield			
Gold produced (oz)	11,082	12,236	10,620
Antimony produced (t)	832	858	1,108
Gold equivalent produced (oz)	15,458	15,099	14,927
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	640	668	577
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced (\$)	937	1,077	854
Capital development	2,978	3,599	3,197
Property, plant and equipment purchases	901	1,886	781
Capitalized exploration	1,225	937	732
Björkdal			
Gold produced (oz)	11,855	12,252	10,750
Cash cost ⁽¹⁾ per oz gold produced (\$)	1,187	1,251	1,052
All-in sustaining cost ⁽¹⁾ per oz gold produced (\$)	1,533	1,616	1,479
Capital development	2,394	2,337	2,210
Property, plant and equipment purchases	3,845	4,832	2,327
Capitalized exploration	457	586	646

Cerro Bayo			
Gold produced (oz)	724	-	-
Silver produced (oz)	43,669	-	-
Gold equivalent produced (oz)	1,363	-	-
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	995	-	-
Consolidated			
Gold equivalent produced (oz)	28,676	27,351	25,677
Cash cost* per oz gold eq. produced (\$)	883	929	846
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced (\$)	1,212	1,350	1,191
Capital development	5,372	5,936	5,407
Property, plant and equipment purchases	4,746	6,718	3,108
Capitalized exploration ⁽²⁾	1,910	1,540	1,522

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 11,082 ounces of gold and 832 tonnes of antimony for 15,458 gold equivalent ounces in the first quarter of 2021. Cash and all-in sustaining costs at Costerfield of \$640/oz and \$937/oz, respectively, compared to cash and all-in sustaining costs of \$577/oz and \$854/oz, respectively, in the fourth quarter of 2020.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 11,855 ounces of gold in the first quarter of 2021 with cash and all-in sustaining costs of \$1,187/oz and \$1,533/oz, respectively, compared to cash and all-in sustaining costs of \$1,052/oz and \$1,479/oz, respectively, in the first quarter of 2020.

Cerro Bayo silver-gold mine, Patagonia, Chile

In the first quarter of 2020, the Company spent \$0.4 million on care and maintenance expenses at Cerro Bayo, compared to \$0.6 million in the first quarter of 2020. Cerro Bayo is currently subject to a binding option agreement between the Company and Equus Mining ("Equus") pursuant to which Equus has an option to acquire Cerro Bayo. For further information see the Company's October 8, 2019, press release.

During the first quarter of 2021, the Company restarted the processing facility at Cerro Bayo and began a trial processing of mineralized waste dump materials. Cerro Bayo produced 724 ounces of gold and 43,699 ounces of silver for 1,363 gold equivalent ounces in the first quarter of 2021 at a cash cost of \$995/oz.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was less than \$0.1 million during the first quarter of 2021, which was the same as in the first quarter of 2020. Reclamation spending at Lupin was \$0.2 million during the first quarter of 2021 which was same in the first quarter of 2020. The full closure of Lupin will continue in the 2021 season funded by ongoing progressive security reductions held by CIRNA.

Challacollo, Chile

On April 19, 2021, Aftermath Silver Ltd. (“Aftermath Silver”) paid C\$1.5 million in cash and issued 2,054,794 common shares at deemed price of C\$0.73 per share to the Company on May 05, 2021, in satisfaction of a purchase price instalment. Further information regarding the definitive agreement signed with Aftermath Silver for the sale of Challacollo can be found in the Company’s November 12, 2019, press release.

La Quebrada, Chile

No work was carried out on the La Quebrada development property during Q1 2021.

COVID-19

The coronavirus (“COVID-19”) pandemic is present in all countries in which the Company operates, with cases being reported in Canada, Australia, Sweden and Chile. At this time, the Company has activated business continuity practices across all sites. Management will continue to monitor developments across all jurisdictions and will adjust its planning as necessary.

The Company is not able to estimate the duration of the pandemic and potential impact on its business if disruptions or delays in our operations occur or our ability to transfer our products to market. In addition, a severe prolonged economic downturn could result in a variety of risks to the business, including a decreased ability to raise additional capital when needed on acceptable terms, if at all. As the situation continues to evolve, the Company will continue to closely monitor operating conditions in the countries we operate and respond accordingly. More details are included in the press release dated March 20, 2020, and on the Company’s website.

Conference Call

Mandalay’s management will be hosting a conference call for investors and analysts on May 13, 2021 at 8:00 AM (Toronto time).

Analysts and interested investors are invited to participate using the following dial-in numbers:

Participant Number:	(201) 689-8341
Participant Number (Toll free):	(877) 407-8289
Conference ID:	13719805

A replay of the conference call will be available until 11:59 PM (Toronto time), May 27, 2021 and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number:	(877) 660-6853
Encore ID:	13719805

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), with projects in Chile and Canada under care and maintenance or development statuses. The Company is focused on growing its production and reducing costs to generate significant positive cashflow.

Mandalay's mission is to create shareholder value through the profitable operation of both its Costerfield and Björkdal mines. Currently, the Company's main objective is to continue mining the high-grade Youle vein at Costerfield, which continues to supply high-grade ore, and also focus on extending Youle's Mineral Reserves at depth. At Björkdal, the Company will aim to increase production from the Aurora zone 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 2021. 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, 2021, 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 Cerro Bayo, saleable equivalent gold ounces produced is calculated by adding to saleable gold ounces produced, the saleable silver ounces produced times the average silver 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.

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