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

TORONTO, ON, August 11, 2021 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce its financial results for the quarter ended June 30, 2021.

The Company's condensed and consolidated interim financial results for the quarter ended June 30, 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.

Second Quarter 2021 Highlights:

- Quarterly revenue of $51.4 million – second highest since Q2 2016;
- Adjusted EBITDA of $23.1 million;
- $12.7 million free cash flow and $26.6 million in net cash flow from operating activities;
- Adjusted net income of $11.5 million ($0.13 or C$0.15 per share);
- Consolidated net income of $4.8 million ($0.05 or C$0.06 per share); and
- Quarter ending cash balance of $39.1 million.

Dominic Duffy, President and CEO of Mandalay, commented:

"Mandalay Resources is pleased to deliver strong financial results for the second quarter of 2021, as the Company continues to execute against our operational strategy and is on track to attain our 2021 production and cost guidance.

During the second quarter, the Company generated $12.7 million in free cash flow and ended the quarter with a cash balance of $39.1 million. As the Company continues to generate strong free cash flow, the emerging strength of our balance sheet significantly improves our abilities to fund near-term growth opportunities. During this quarter, the Company also repaid $3.8 million towards our Syndicated Facility leaving $51.4 million owing."

Mr. Duffy continued, "During the quarter the Company generated $51.4 million in consolidated revenue and $23.1 million in adjusted EBITDA, resulting in an EBITDA margin of 45%, and a year to date adjusted EBITDA of $49.2 million. Mandalay earned $11.5 million ($0.13 or C$0.15 per share) in adjusted net income during the second quarter, marking our sixth consecutive quarter of profitability."

Mr. Duffy added, "Our consolidated cash and all-in sustaining costs per saleable gold equivalent ounce during the second quarter of 2021 were $960 and $1,342, respectively, an increase as compared to the $851 and $1,230 during the same period last year. The main reasons for this were due to foreign exchange movements, with local currencies strengthening against the U.S. dollar, a decrease in gold production at Björkdal for the quarter due to lower grade stoping and increased infill exploration spend at both sites."

Mr. Duffy added, "Costerfield posted $23.4 million in revenue and $15.8 million in adjusted EBITDA at a cash cost and all-in sustaining cost of $652 and $1,009 per oz gold equivalent produced, respectively.

Exploration so far this year has been a huge success for Mandalay due to the outstanding results at our newly discovered high-grade Shepherd structure, which lies beneath our Youle mine at Costerfield. With $4.3 million spent on exploration year to date, we expect to exceed our 2021 guidance amount for exploration spending. The additional capital invested aligns with our growth strategy as the Company seeks to deliver further value at Costerfield by extending its life of mine."

Mr. Duffy continued, "Björkdal generated stable production and sales resulting in $22.5 million and $6.5 million of revenue and adjusted EBITDA, respectively, during the second quarter of 2021. The underground mined tonnage ramp up continued as we mined approximately 540,000 tonnes during the first half of 2021, an approximate 11% increase as compared to the same period last year. We are on track to achieve our goal of 1.1 million tonnes production from the underground.

Grade performance during this quarter was lower than previous quarters mainly due to the amount of stope production performed in lower grade areas of the mine. This, along with negative exchange rate impacts, resulted in higher cash and all-in sustaining costs of $1,338 and $1,766, respectively, for the quarter. We expect to see a decrease to these higher unit costs in the coming quarters as we ramp up production in the lower, higher grade levels of Aurora."

Mr. Duffy concluded, "For the rest of 2021, we expect to improve on this level of operational and financial performance, while building on our successful exploration campaigns. At Costerfield, the program will continue with infill drilling at Shepherd and progressing with deeper drilling at Cuffley, Augusta and Shepherd. At Björkdal, we will be focused on the Main, Central and Lake zones to the north east at depth and extensions of the Aurora zone. At current metal prices and exchange rates the Company is on schedule to be net debt free by year end 2021."

Second Quarter 2021 Financial Summary

The following table summarizes the Company's financial results for the three months and six months ended June 30, 2021, and 2020:

	Three months ended June 30, 2021	**Three months ended June 30, 2020**	**Six months ended June 30, 2021**	**Six months ended June 30, 2020**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	51,352	42,335	103,925	83,901
Cost of sales	27,135	19,734	52,549	38,566
Adjusted EBITDA (1)	23,135	21,271	49,197	42,174
Income from mine ops before depreciation, depletion	24,217	22,601	51,376	45,335
Adjusted net income (1)	11,475	7,632	17,121	12,818
Consolidated net income (loss)	4,790	(2,439)	30,290	(6,047)
Capital expenditure	13,578	10,566	25,604	20,603
Total assets	310,841	260,298	310,841	260,298
Total liabilities	151,852	155,024	151,852	155,024
Adjusted net income per share (1)	0.13	0.08	0.19	0.14
Consolidated net income (loss) per share	0.05	(0.03)	0.33	(0.07)

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 second quarter of 2021, Mandalay generated consolidated revenue of $51.4 million, 21% higher than in the second quarter of 2021. This increase is attributable to Mandalay selling 3,199 more gold equivalent ounces combined with higher realized prices in the second quarter of 2021 compared to the second quarter of 2020. The Company's realized gold price in the second quarter of 2021 increased by 5% compared to the second quarter of 2020, and the realized price of antimony increased by 120%.

Consolidated cash cost per ounce of $960 increased by 13% in the second quarter of 2021 compared to the second quarter of 2020, mainly due to higher costs of production. Cost of sales during the second quarter of 2021 versus the second quarter of 2020 were almost same at Costerfield and $3.7 million higher at Björkdal. Consolidated general and administrative costs were $0.2 million lower as compared to the prior year quarter.

Mandalay generated adjusted EBITDA of $23.1 million in the second quarter of 2021, 9% higher compared to the Company's adjusted EBITDA of $21.3 million in the year ago quarter. Adjusted net income was $11.5 million in the second quarter of 2021, which excludes the $6.3 million fair value loss related to the gold hedges associated with the Syndicated Facility and $0.4 million fair value loss related to mark to market adjustment, compared to an adjusted net income of $7.6 million in the second quarter of 2020. Consolidated net income was $4.8 million for the second quarter of 2021, versus a net loss of $2.4 million in the second quarter of 2020. Mandalay ended the second quarter of 2021 with $39.1 million in cash and cash equivalents.

Second Quarter 2021 Operational Summary

The table below summarizes the Company's operations, capital expenditures and operational unit costs for the three months and six months ended June 30, 2021 and 2020:

	Three months ended June 30, 2021	**Three months ended June 30, 2020**	**Six months ended June 30, 2021**	**Six months ended June 30, 2020**
	$'000	**$'000**	**$'000**	**$'000**
Costerfield				
Gold produced (oz)	9,959	10,353	21,041	20,973
Antimony produced (t)	858	946	1,690	2,054
Gold equivalent produced (oz)	14,818	13,502	30,276	28,429
Cash cost (1) per oz gold eq. produced ($)	652	662	646	604
All-in sustaining cost (1) per oz gold eq. produced ($)	1,009	1,025	972	935
Capital development	3,108	3,481	6,086	6,677
Property, plant and equipment purchases	1,029	716	1,930	1,497
Capitalized exploration	1,583	1,335	2,807	2,067
Björkdal				
Gold produced (oz)	10,941	11,250	22,796	22,000
Cash cost (1) per oz gold produced ($)	1,338	1,078	1,259	1,065
All-in sustaining cost (1) per oz gold produced ($)	1,766	1,352	1,647	1,383
Capital development	2,727	2,268	5,120	4,479
Property, plant and equipment purchases	4,277	2,452	8,122	4,779
Capitalized exploration	601	338	1,058	984

Cerro Bayo				
Gold produced (oz)	1,807	-	2,531	-
Silver produced (oz)	87,062	-	130,761	-
Gold equivalent produced (oz)	3,084	-	4,447	-
Cash cost (1) per oz gold eq. produced ($)	1,097	-	1,066	-
All-in sustaining cost (1) per oz gold eq. produced ($)	1,110	-	1,075	-
Consolidated				
Gold equivalent produced (oz)	28,843	24,752	57,519	50,429
Cash cost* per oz gold eq. produced ($)	960	851	922	805
All-in sustaining cost (1) per oz gold eq. produced ($)	1,342	1,230	1,284	1,244
Capital development	5,835	5,749	11,206	11,156
Property, plant and equipment purchases	5,306	3,168	10,052	6,276
Capitalized exploration (2)	2,437	1,649	4,346	3,171

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 9,959 ounces of gold and 858 tonnes of antimony for 14,818 gold equivalent ounces in the second quarter of 2021. Cash and all-in sustaining costs at Costerfield of $652/oz and $1,009/oz, respectively, compared to cash and all-in sustaining costs of $662/oz and $1,025/oz, respectively, in the second quarter of 2020.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 10,941 ounces of gold in the second quarter of 2021 with cash and all-in sustaining costs of $1,338/oz and $1,766/oz, respectively, compared to cash and all-in sustaining costs of $1,078/oz and $1,352/oz, respectively, in the second quarter of 2020.

Cerro Bayo silver-gold mine, Patagonia, Chile

In the second quarter of 2021, the Company spent nil on care and maintenance expenses at Cerro Bayo, compared to $0.5 million in the second 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 second quarter of 2021, Cerro Bayo produced 1,807 ounces of gold and 87,062 ounces of silver for 3,084 gold equivalent ounces in the second quarter of 2021 at a cash cost of $1,097/oz.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was less than $0.1 million during the second quarter of 2021, which was the same as in the second quarter of 2020. Reclamation spending at Lupin was

$0.8 million during the second quarter of 2021 compared to $5.1 million during the second 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 fair value of C$0.73 per share to the Company on May 05, 2021, in satisfaction of a purchase price instalment. As at June 30, 2021, the Company is holding this asset as held for sale. 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 Q2 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 August 12, 2021, at 8:00 AM (Toronto time).

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

Participant Number (Toll free):	(877) 407-8289
Participant Number:	(201) 689-8341
Conference ID:	13722369

A replay of the conference call will be available until 11:59 PM (Toronto time), August 26, 2021, and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number:	(877) 660-6853
Encore ID:	13722369

About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia (Costerfield gold-antimony mine), Sweden (Björkdal gold mine) and Chile (Cerro Bayo gold-silver mine). 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 to extend Youle's Mineral Reserves at depth and to the south, as well as continuing the regional exploration program. At Björkdal, the Company will aim to increase production from the Aurora zone and other higher-grade areas in the coming years, in order to maximize profit margins from the mine and continue exploration in near mine and regional.

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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