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

TORONTO, ON, November 9, 2021 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce its financial results for the quarter ended September 30, 2021.

The Company's condensed and consolidated interim financial results for the quarter ended September 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.

Third Quarter 2021 Highlights:

- Consolidated quarterly revenue of $52.6 million, second highest quarterly revenue since Q2 2016;
- Adjusted EBITDA of $25.1 million;
- Adjusted net income of $10.1 million ($0.11 or C$0.14 per share);
- Consolidated net income of $9.3 million ($0.10 or C$0.13 per share); and
- Costerfield cash cost of $546 per gold equivalent ounce produced, lowest since Q1 2016.

Dominic Duffy, President and CEO of Mandalay, commented:

"Mandalay Resources is pleased to have sustained the financial momentum generated during the first half of the year. We delivered another solid third quarter in 2021 – driven by strong adjusted EBITDA and profits. We are pleased with both sites' strong execution against their operational strategy, positioning the Company to achieve the upper limits of our production guidance and attaining our cost guidance set for 2021.

"During this quarter, the Company generated $52.6 million in consolidated revenue and $25.1 million in adjusted EBITDA, resulting in an EBITDA margin of 48% and year-to-date adjusted EBITDA of $74.3 million. Mandalay earned $10.1 million or $0.11 per share in adjusted net income during the third quarter, marking our seventh consecutive quarter of profitability. Moreover, due to COVID-19 shipping delays, approximately $5.5 million in revenue was delayed from the third quarter and will be accounted for during our fourth quarter results.

"Our operational efficiency was further reflected by the declining consolidated cash and all-in sustaining costs per saleable gold equivalent ounce during this quarter to $825 and $1,135, respectively, from $826 and $1,262 during the same period last year.

"The Company generated solid net cash flows from operating activities of $8.2 million in the quarter. However, due to the aforementioned COVID-19 shipping restrictions, there were delays in the receipt of funds from Costerfield's floatation concentrate, as well as sizable annual payments at Costerfield of $7.0 million in income tax and $2.7 million in royalties, which resulted in free cash flow of $1.3 million during the quarter.

"Also during the third quarter, the Company paid $5.0 million for reclamation costs at Lupin. Reclamation at Lupin will be ongoing and scheduled to be completed by the end of 2022. We are anticipating a release of $3.5 million during the fourth quarter through the progressive security reduction as part-compensation for work finalized over this year.

"Finally, the Company made another quarterly repayment of $3.8 million towards our Syndicated Facility, leaving $47.7 million owing. With quarter end closing cash of $29.8 million, our strong balance sheet gives the Company a significant amount of flexibility to explore exciting near-term growth opportunities and we anticipate significant growth in the cash position at year end 2021.

"With an approximate 30% increase in gold equivalent produced at Costerfield during Q3 2021 as compared to the same period last year, the site's per gold equivalent ounce metrics improved significantly to a cash and all-in sustaining costs of $546 and $837 respectively, from $657 and $1,088. This improved production also resulted in Costerfield generating $27.0 million in revenue and $18.5 million in adjusted EBITDA during Q3 2021.

"Björkdal generated stable production and sales resulting in $20.5 million and $6.8 million of revenue and adjusted EBITDA, respectively, during the third quarter of 2021. The underground mined tonnage ramp up continued as we mined approximately 796,000 tonnes during the first nine months of 2021, an approximate 5% increase as compared to the same period last year.

"Grade performance at Björkdal during this quarter was lower than previous quarters mainly due to excessive dilution in key stopes. Dilution control measures have been on going and we saw positive results in September. We anticipate further grade improvements for the rest of 2021 and beyond as dilution control measures continue to be implemented. September results displayed strong improvement as feed grade into the processing plant averaged 1.5 g/t gold – our highest monthly grade this year. However, lower than average grade for the full quarter, coupled with negative exchange rate movements, resulted in higher cash and all-in sustaining costs of $1,186 and $1,440, respectively, for the quarter.

Mr. Duffy concluded, "For the remainder of 2021, we are expecting to see our cash position grow significantly with the normalization in our payment obligations. We are pleased with the steps taken to strengthen our balance sheet, which will further improve with the upcoming sale of Cerro Bayo in the fourth quarter, and adding financial flexibility and look to continue with the Company's growth through the final quarter of 2021 and into 2022."

Third Quarter 2021 Financial Summary

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

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	$'000	**$'000**	**$'000**	**$'000**
Revenue	52,567	49,753	156,492	133,654
Cost of sales	25,695	21,418	78,244	59,984
Adjusted EBITDA (1)	25,115	26,727	74,312	68,901
Income from mine ops before depreciation, depletion	26,872	28,335	78,248	73,670
Adjusted net income (1)	10,090	9,823	27,211	22,640
Consolidated net income (loss)	9,255	635	39,545	(5,413)
Capital expenditure	12,449	12,083	38,053	32,684
Total assets	301,269	283,379	301,269	283,379
Total liabilities	136,561	173,281	136,561	173,281
Adjusted net income per share (1)	0.11	0.11	0.30	0.25
Consolidated net income (loss) per share	0.10	0.01	0.43	(0.06)

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 third quarter of 2021, Mandalay generated consolidated revenue of $52.6 million, 6% higher than in the third quarter of 2020. This increase is attributable to Mandalay selling 3,508 more gold equivalent ounces combined in the third quarter of 2021 compared to the third quarter of 2020. The Company's realized gold price in the third quarter of 2021 decreased by 4% compared to the third quarter of 2020, and the realized price of antimony increased by 84%.

Consolidated cash cost per ounce of $825 was slightly lower in the third quarter of 2021 compared to $826 in the third quarter of 2020. Cost of sales during the third quarter of 2021 versus the third quarter of 2020 were $0.7 million lower at Costerfield and $1.5 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 $25.1 million in the third quarter of 2021, 6% lower compared to the Company's adjusted EBITDA of $26.7 million in the year ago quarter. Adjusted net income was $10.1 million in the third quarter of 2021, which excludes the $0.6 million fair value loss related to the gold hedges associated with the Syndicated Facility and $0.2 million fair value loss related to mark to market adjustment, compared to an adjusted net income of $9.8 million in the third quarter of 2020. Consolidated net income was $9.3 million for the third quarter of 2021, versus $0.6 million in the third quarter of 2020. Mandalay ended the third quarter of 2021 with $29.8 million in cash and cash equivalents.

Third Quarter 2021 Operational Summary

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

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	$'000	**$'000**	**$'000**	**$'000**
Costerfield				
Gold produced (oz)	13,315	11,749	34,356	32,722
Antimony produced (t)	860	991	2,550	3,045
Gold equivalent produced (oz)	18,946	14,620	49,222	43,049
Cash cost (1) per oz gold eq. produced ($)	546	657	608	622
All-in sustaining cost (1) per oz gold eq. produced ($)	837	1,088	920	987
Capital development	2,925	3,956	9,011	10,632
Property, plant and equipment purchases	1,648	1,568	3,578	3,065
Capitalized exploration	1,536	1,241	4,343	3,308
Björkdal				
Gold produced (oz)	11,250	11,044	34,046	33,044
Cash cost (1) per oz gold produced ($)	1,186	1,051	1,235	1,061
All-in sustaining cost (1) per oz gold produced ($)	1,440	1,337	1,578	1,368
Capital development	2,092	2,525	7,212	7,004
Property, plant and equipment purchases	3,461	2,414	11,583	7,193
Capitalized exploration	566	359	1,624	1,343

Cerro Bayo				
Gold produced (oz)	1,763	-	4,294	-
Silver produced (oz)	85,279	-	216,040	-
Gold equivalent produced (oz)	2,925	-	7,372	-
Cash cost (1) per oz gold eq. produced ($)	1,243	-	1,136	-
All-in sustaining cost (1) per oz gold eq. produced ($)	1,303	-	1,165	-
Consolidated				
Gold equivalent produced (oz)	33,121	25,664	90,640	76,093
Cash cost(1) per oz gold eq. produced ($)	825	826	886	812
All-in sustaining cost (1) per oz gold eq. produced ($)	1,135	1,262	1,230	1,219
Capital development	5,017	6,481	16,223	17,636
Property, plant and equipment purchases	5,109	3,982	15,161	10,258
Capitalized exploration (2)	2,323	1,620	6,669	4,790

1. The Company has restated consolidated All-in sustaining costs to exclude care and maintenance expenses in the comparative periods. 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.

<u>Costerfield gold-antimony mine, Victoria, Australia</u>

Costerfield produced 13,315 ounces of gold and 860 tonnes of antimony for 18,946 gold equivalent ounces in the third quarter of 2021. Cash and all-in sustaining costs at Costerfield of

$546/oz and $837/oz, respectively, compared to cash and all-in sustaining costs of $657/oz and $1,088/oz, respectively, in the third quarter of 2020.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 11,250 ounces of gold in the third quarter of 2021 with cash and all-in sustaining costs of $1,186/oz and $1,440/oz, respectively, compared to cash and all-in sustaining costs of $1,051/oz and $1,337/oz, respectively, in the third quarter of 2020.

Cerro Bayo silver-gold mine, Patagonia, Chile

In the third quarter of 2021, the Company spent nil on care and maintenance expenses at Cerro Bayo, compared to $0.5 million in the third quarter of 2020. Cerro Bayo was subject to a binding option agreement between the Company and Equus Mining ("Equus") pursuant to which Equus has exercised its option to acquire Cerro Bayo. For further information see the Company's October 8, 2019 and October 12, 2021 press releases.

During the third quarter of 2021, Cerro Bayo produced 1,763 ounces of gold and 85,279 ounces of silver for 2,985 gold equivalent ounces in the third quarter of 2021 at a cash cost of $1,243/oz.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was $0.2 million during the third quarter of 2021, compared to less than $0.1 million in the third quarter of 2020. Reclamation spending at Lupin was $5.0 million during the third quarter of 2021 compared to $0.5 million during the third 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 5, 2021, in satisfaction of a purchase price instalment. As at September 30, 2021, the Company is holding these shares 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 Q3 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 November 10, 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):	800 582 0984
Participant Number:	212 231 2912
Conference ID:	13724968

A replay of the conference call will be available until 11:59 PM (Toronto time), November 24, 2021, and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number:	877 660 6853
Encore ID:	13724968

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.

<u>For Further Information:</u>

Dominic Duffy
President and Chief Executive Officer

Edison Nguyen
Manager, Analytics and Investor Relations

Contact:
(647) 260-1566 ext. 1