



MANDALAY RESOURCES

MANDALAY RESOURCES CORPORATION PROVIDES YEAR-END 2021 MINERAL RESERVES AND RESOURCES FOR COSTERFIELD AND BJÖRKDAL OPERATIONS

Costerfield gold reserves increase by 24%; Björkdal maintains long mine life

TORONTO, ON, February 16, 2022 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce updated Mineral Resources and Reserves estimates for its Costerfield gold-antimony mine in Victoria, Australia and its Björkdal gold mine in Skellefteå, Sweden as at December 31, 2021. All dollar amounts in this press release are in U.S. dollars unless otherwise noted.

Highlights:

Costerfield

- Proven and Probable Mineral Reserves for contained gold increased by 24%, net of depletion for 2021 production; and
- Extended mine life by two years to 2027, net of depletion for 2021 production.

Björkdal

- Maintains long mine life until 2030;
- Improved geological understanding allowing for upgrade to higher confidence Measured Resources and Proven Reserves; and
- Increase to Measured and Indicated gold Resources of 59,000 oz net of yearly depletion.

Dominic Duffy, President and CEO of Mandalay, commented:

"Mandalay's exploration efforts in 2021 yielded significant success. We made major additions of Mineral Reserves at Costerfield through the successful discovery of the Shepherd zone below the Youle deposit, and discovered significantly higher gold grades to the east at depth at Björkdal.

"As 2021 year-end, Mandalay's total Proven and Probable Mineral Reserves totaled 854,000 ounces of gold and 19,600 tonnes of antimony, compared to 799,000 ounces of gold and 21,800 tonnes of antimony at 2020 year-end. These Mineral Reserves were added at an exploration cost of \$30.79 per gold equivalent ounce; further evidence of the cost effectiveness and sustainability of our exploration programs.

"To date, five continuous high-grade veins have been discovered within Shepherd and it is expected to be an area of substantial Mineral Resources and Reserves growth over the coming years. During the 10 months from discovery to data cut-off in 2021, Shepherd has already added

296,000 tonnes of ore at a grade of 12.4 g/t gold and 1.0% antimony into Mineral Reserves. This significant contribution in a short timespan highlights the richness of the Costerfield mineral system. Currently, the Shepherd veins are open and will be the focus of ongoing exploration efforts at Costerfield.

“At Björkdal, due to its current long mine life of approximately nine years, the exploration focus was not on Mineral Reserve addition, but on identifying areas that could potentially add higher-grade mine feed. This program was extremely successful with the discovery of the high-grade zones to the east at depth of the Main and Central zones (press releases January 24, 2022, and June 29, 2021). Most of the significant results for this area were recovered after the data cut-off point for this Mineral Resources and Reserves update, hence the success of this program and the significant potential in upgrading the overall grades will be better reflected in the following years and will be a continued exploration focus at Björkdal during 2022.

“Looking forward into 2022, alongside the continuation of growth projects around Shepherd and the Eastern Extension projects, Mandalay is advancing several highly prospective areas at both properties. At Björkdal, exploration continues north of the Aurora orebody as well as the commencement of surface drilling on regional Björkdal style and multi-element targets. At Costerfield, the potential of further Youle and Shepherd style targets will continue to be explored in parallel with renewed efforts on satellite deposits within 2 km of the mining activities.”

Table 1: Mineral Reserves as of December 31, 2021, and December 31, 2020

Reserve Category	2021			2020		
	Björkdal Contained Au (koz)	Costerfield Contained Au (koz)	Costerfield Contained Sb (kt)	Björkdal Contained Au (koz)	Costerfield Contained Au (koz)	Costerfield Contained Sb (kt)
Proven	74	150	13.1	-	110	12.8
Probable	468	162	6.5	544	145	9.0
Proven + Probable	542	312	19.6	544	255	21.8

Notes:

1. Reserves are contained at Björkdal, Costerfield properties only.
2. See tables 4 and 6 for details of Proven and Probable Reserve tonnages and grades at Costerfield and Björkdal, including cut-off grades and Qualified Persons.

Table 2: Mineral Resources, Inclusive of Mineral Reserves, as of December 31, 2021, and December 31 2020

Resource Category	2021			2020		
	Björkdal Contained Au (koz)	Costerfield Contained Au (koz)	Costerfield Contained Sb (kt)	Björkdal Contained Au (koz)	Costerfield Contained Au (koz)	Costerfield Contained Sb (kt)
Measured	156	215	21.8	-	164	20.6
Indicated	990	259	17.5	1,087	218	18.8
Measured + Indicated	1,146	474	39.3	1,087	381	39.4
Inferred	359	114	6.7	318	89	6.0

Notes:

1. See tables 3 and 5 for details of tonnages and grades at Costerfield and Björkdal.
2. Totals may appear different from the sum of their components due to rounding.

Details of the Mineral Resources and Reserves estimates at each property are related below. Estimates were prepared or verified by the following independent third parties: Mining Plus Pty Ltd. ("MP") at Costerfield and Björkdal; and SLR Consulting Ltd. ("SLR") specifically at the Norrberget open pit zone at Björkdal.

The year-end 2021 estimates of Mineral Resources and Reserves for the Costerfield and Björkdal will be fully documented in independent Technical Reports prepared in accordance with National Instrument 43-101 ("NI 43-101") to be filed on www.sedar.com and the Mandalay website www.mandalayresources.com within 45 days of this press release.

Costerfield Mineral Resource and Mineral Reserve Summary

During 2021, Mandalay drilled a total of 36.3 kilometres ("km") of exploration diamond core at a cost of \$6.0 million. The breakdown of this significant drilling campaign is as follows:

- 27.0 km to test extensions of the Youle and Shepherd ore bodies;
- 2.6 km to test other near-mine targets; and
- 6.7 km to test regional targets beyond current mine operations.

In addition to drilling, 4,585 m of on-vein development was completed within the Youle ore body, with 75 m development from October 2021 into the Shepherd ore body. Rock chip samples used in mine grade control were also included in the geological database and used in the Mineral Resources estimation process to improve Mineral Resources classification in areas accessed by development.

Drill core was logged and sampled by Costerfield geologists, who also performed mine sampling. All samples were submitted to Onsite Laboratory Services in Bendigo, Victoria, Australia for sample preparation and assay. Site geological and metallurgical personnel have implemented a QA/QC process that includes the regular submission of site specific and externally sourced standard reference materials, duplicates and blanks with drill and face samples submitted for assay. Site specific standard reference materials were both produced and certified by Geostats

Pty Ltd. or ORE Research and Exploration Pty Ltd. (OREAS). Both Geostats Pty Ltd. and OREAS are Australian consultancies who specialize in laboratory quality control systems.

The acquire Geoscientific Information Management (“GIM”) system was used to store and validate all geological data used for the Mineral Resource Estimate. A two-dimensional (“2D”) accumulation estimation method was used for all models. This method is considered most applicable for the narrow veins of Costerfield. The Datamine™ Studio RM platform supports 2D accumulation estimation and was used to complete the Mineral Resource Estimation. Validated drilling and mine sampling data were imported into Datamine and composited to true vein width. Gold (“Au”) accumulation, antimony (“Sb”) accumulation (accumulation = vein true width x vein grade) and true vein width were estimated into a 2D block model for each lode using ordinary kriging interpolation. Estimated Au and Sb vein grades were back-calculated from the block estimated accumulated data and true vein width.

Where vein true widths are less than 1.2 m, vein grades were diluted to a minimum mining width of 1.2 m using dilution grades of zero g/t Au and zero percent Sb for host lithologies. Where vein true widths are greater than or equal to 1.2 m grades were not diluted.

Mineral Resources were estimated at a cut-off grade of 3.0 g/t Au equivalent (“AuEq”) which was determined using Costerfield’s 2021 production costs, and using a Au price of \$1,700/oz and an Sb price of \$8,500/t. Cut-off grade is expressed as AuEq to allow for the inclusion and expression of the secondary metal (Sb) in terms of the primary metal (Au). AuEq is calculated using the formula $AuEq = Au + (Sb \times 1.58)$ where Sb is expressed as a percentage, and Au is in grams per tonne, both based on 1.2 m diluted grades.

Table 3: Mineral Resources at Costerfield, Inclusive of Mineral Reserves as of December 31, 2021

Resource Category	2021				
	Tonnes (kt)	Au Grade (g/t)	Sb Grade (%)	Cont. Au (koz)	Cont. Sb (kt)
Measured Resources					
Underground	408	15.4	5.0	202	20.4
Stockpile	41	10.1	3.3	14	1.4
Indicated Resources					
Underground	938	8.6	1.9	259	17.5
Total Measured and Indicated	1,387	10.6	2.8	474	39.3
Inferred Resources					
Underground	532	6.7	1.3	114	6.7

Notes:

1. The Mineral Resource is estimated as of December 31, 2021 with depletion through to this date.
2. The Mineral Resource is stated according to CIM guidelines and include Mineral Reserves.
3. Tonnes are rounded to the nearest thousand; contained Au (oz) is rounded to the nearest thousand; contained Sb (t) is rounded to nearest hundred.
4. Totals may appear different from the sum of their components due to rounding.
5. 3.0 g/t AuEq cut-off grade over a minimum mining width of 1.2 m is applied where AuEq is calculated using the formula: $AuEq = Au \text{ g/t} + 1.58 * Sb \%$
6. The AuEq factor of 1.58 is calculated at a Au price of \$1,700/oz, an Sb price of \$8,500/t, and 2021 total year metal recoveries of 93% for Au and 95% for Sb.
7. Veins were diluted to a minimum mining width of 1.2m before applying the cut-off grade and peripheral mineralisation far from current development was excluded to comply with the Reasonable Prospects for Eventual Economic Extraction (RPEEE)

criteria.

8. The Stockpile Mineral Resource is estimated based upon surveyed volumes supplemented by production data.
9. Geological modelling, sample compositing and Mineral Resource Estimation for updated models was performed by Joshua Greene, MAusIMM, a full-time employee of Mandalay Resources.
10. The Mineral Resource Estimate was independently reviewed and verified by Dr Andrew Fowler MAusIMM CP (Geo), a full time employee of Mining Plus. Dr Fowler fulfils the requirements to be a "Qualified Person" for the purposes of NI 43-101, and is the Qualified Person under NI 43-101 for the Mineral Resource Estimate.

The Measured and Indicated categories of Mineral Resources were used to update the mine plan using predominantly a long-hole stoping mining method with cemented rock fill. A cut-off grade of 3.8 g/t AuEq was determined from Costerfield's 2021 production costs, and minimum stoping width of 1.5 m were used, with planned and unplanned dilution at zero grade for both Au and Sb. AuEq grade for Mineral Reserves is calculated using commodity prices of \$1,500/oz for Au, and \$7,500/t Sb. AuEq is calculated using the formula $AuEq = Au + (Sb \times 1.06)$ where Sb is in % and Au is in grams per tonne.

Financial viability of Proven and Probable Mineral Reserves was demonstrated at metal prices of \$1,500/oz Au and \$7,500/t Sb.

Table 4: Mineral Reserves at Costerfield as of December 31, 2021

Reserves Category	2021				
	Tonnes (kt)	Au Grade (g/t)	Sb Grade (%)	Cont. Au (koz)	Cont. Sb (kt)
Proven Reserves					
Underground	267	15.9	4.4	136	11.7
Stockpile	41	10.1	3.3	14	1.4
Probable Reserves					
Underground	460	10.9	1.4	162	6.5
Total Proven and Probable	769	12.6	2.5	312	19.6

Notes:

1. Mineral Reserve estimated as of December 31, 2021, and depleted for production through to December 31, 2021.
2. Tonnes are rounded to the nearest thousand; contained Au (oz) is rounded to the nearest thousand; contained Sb (t) rounded to nearest hundred.
3. Totals may appear different from the sum of their components due to rounding.
4. Lodes have been diluted to a minimum mining width of 1.5 m for stoping and 1.8 m for ore development.
5. A 3.8 g/t AuEq cut-off grade is applied.
6. Commodity prices applied are Au price of USD1,500/oz, Sb price of USD7,500/t and exchange rate USD:AUD of 0.71.
7. The (AuEq) is calculated using the formula: $AuEq = Au \text{ g/t} + 1.06 * Sb \%$.
8. The Mineral Reserve is a subset, a Measured and Indicated only Schedule, of a Life of Mine Plan that includes mining of Measured, Indicated and Inferred Resources.
9. The Mineral Reserve Estimate was prepared by Dylan Goldhahn, AusIMM under the direction of Daniel Fitzpatrick, MAusIMM, who are both full time employees of Mandalay Resources. The Mineral Reserve estimate was independently verified by Aaron Spong FAusIMM CP (Min) who is a full-time employee of Mining Plus. Mr Spong fulfils the requirements to be a "Qualified Person" for the purposes of NI 43-101, and is the Qualified Person under NI 43-101 for the Mineral Reserve.

The net increase of 57,000 ounces of Au in Proven and Probable Mineral Reserves for 2021, relative to 2020, consists of the addition of 113,000 ounces of Au added by Mineral Resource conversion and addition of resources to the Youle and Shepherd ore bodies and a total of 55,000 ounces of Au depleted from the 2020 Mineral Reserves through mining production in 2021. The 2,200 tonnes of Sb net decrease in Proven and Probable Mineral Reserves consists of 3,600 tonnes of Sb added by Mineral Resources conversion and addition of Mineral Resources to Youle and Shepherd and 5,800

tonnes of Sb depleted from the 2020 Mineral Reserves through mining production in 2021. The Mineral Reserves of the Youle and Shepherd ore bodies were added at an exploration cost of \$30.79 per AuEq ounce.

Björkdal Mineral Resource and Mineral Reserve Summary

Since September 30, 2020 to the data cut off of September 30, 2021, Björkdal completed 59 drill holes totaling approximately 20,755 m in length. The data cut-off date at Norrberget remains the same as previous years; September 30, 2017. In addition, underground operations completed 5,988 m of on-vein development, which was mapped and sampled in detail according to the grade control protocols.

Other than the normal course updating of the mineralization wireframes to account for new drilling and sampling information, the workflow and estimation parameters used to prepare the year-end 2021 Björkdal long-term block model were largely unchanged.

Classification criteria were changed allowing a measured resource to be reported.

Table 5: Mineral Resources at Björkdal, Inclusive of Mineral Reserves, as of December 31, 2021

Category	2021		
	Tonnage (kt)	Au Grade (g/t)	Contained Au (koz)
Measured Resources			
Underground	1,851	2.62	156
Indicated Resources			
Underground	9,663	2.30	713
Open Pit	3,017	2.19	212
Norrberget Open Pit	144	3.29	15
Stockpile	2,532	0.61	50
Total Measured and Indicated	17,207	2.07	1,146
Inferred Resources			
Underground	3,484	2.12	237
Open Pit	3,326	1.13	121
Norrberget Open Pit	3	4.03	0.5
Total Inferred	6,813	1.64	359

Notes:

1. The Björkdal Mineral Resource is estimated using drill hole and sample data as of September 30, 2021 and depleted for production through December 31st, 2021. Norrberget Mineral Resources are based on a data cut-off date of September 30th, 2017.
2. CIM definitions (2014) were followed for the Mineral Resource.
3. The Mineral Resource is inclusive of the Mineral Reserve.
4. The Mineral Resource is estimated using an average Au price of \$1,700/oz. and an exchange rate of 9.0 SEK/US\$.
5. In situ bulk density is 2.74 t/m³ for veins and host rock. In situ bulk density is 2.92 t/m³ for skarn ore bodies. Stockpile bulk density is 1.8 t/m³.
6. High Au assays were capped at 60 g/t Au for the first search pass and 40 g/t Au for subsequent passes.
7. High Au assays at Norrberget were capped at 24 g/t Au.
8. Interpolation was by inverse distance cubed utilizing diamond drill, reverse circulation, and chip channel samples.
9. The Björkdal open pit Mineral Resource is estimated at a cut-off grade of 0.33 g/t Au and constrained by a resource pit shell to comply with the reasonable prospects for eventual economic extraction (RPEEE) criteria.

10. The Norrberget open pit Mineral Resources are estimated at a cut-off grade of 0.35 g/t Au and constrained by a resource pit shell to comply with the RPEEE criteria.
11. The Björkdal underground Mineral Resource is estimated at a block cut-off grade of 0.77 g/t Au for all veins
12. A nominal two meter minimum mining width was used to interpret veins and comply with the RPEEE criteria.
13. The Reported Mineral Resource is depleted for previously mined underground development and stopes.
14. The Stockpile Mineral Resource is estimated based upon surveyed volumes supplemented by production data.
15. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
16. Numbers may not sum due to rounding.
17. The Mineral Resource Estimate as of 31st December, 2021 for Björkdal was independently reviewed and verified by Dr Andrew Fowler MAusIMM CP (Geo), a full time employee of Mining Plus. Dr Fowler fulfils the requirements to be a "Qualified Person" for the purposes of NI 43-101 and is the Qualified Person under NI 43-101 for the Mineral Resource. The Independent Qualified Person for Norrberget Mineral Resource estimate is Reno Pressacco, P.Geo., Principal Geologist with SLR, who is a Qualified Person as defined by NI 43-101.

Other than the normal course updating of the underground long term wireframes, and the re-optimization of the open pits to account for the updated long-term resource model, the workflow and modifying factors used to prepare the year-end 2021 Björkdal Mineral Reserves were largely unchanged from those used during the previous year.

The reporting cut-off grades for the Mineral Resources and Mineral Reserves statement were slightly increased to reflect higher processing costs. Updated operational costs and input parameters based upon 2021 actual figures, and the 2022 budget, were used in the Mineral Reserves estimation process.

Financial viability of Probable Mineral Reserves was demonstrated at a \$1,500/oz Au price.

Table 6: Mineral Reserves at Björkdal, as of December 31, 2021

Category	2021		
	Tonnage (kt)	Au Grade (g/t)	Contained Au (koz)
Proven			
Underground	1,127	2.05	74
Probable			
Underground	5,350	1.76	302
Open Pit	2,949	1.07	101
Norrberget Open Pit	162	2.80	15
Stockpile	2,532	0.61	50
Total Proven and Probable	12,121	1.39	542

Notes:

1. Björkdal Mineral Reserves are estimated using drill hole and sample data as of September 30, 2021 and depleted for production through December 31st, 2021.
1. Norrberget Mineral Reserves are based on a data cut-off date of September 30th, 2017.
2. CIM definitions (2014) were followed for Mineral Reserves.
3. Open Pit Mineral Reserves are based on mine designs carried out on an updated resource model, applying a block dilution of 100% at 0.0 g/t Au for blocks above 1.0 g/t and 100% at in-situ grade for blocks below 1.0 g/t, but above a cut-off grade of 0.37 g/t Au. The application of these block dilution factors is based on historical reconciliation data. A marginal cut-off grade of 0.37 g/t Au was applied to estimate open pit Mineral Reserves.
4. Underground Mineral Reserves are based on mine designs carried out on an updated resource model. Minimum mining widths of 3.7 m for stopes (after dilution) and 4.75 m for development (after dilution) were used. Stope dilution was applied by adding 0.6 m on each side of stopes as well as an additional 10% over break dilution. Further dilution, ranging from 5% to 50%, was added on a stope-by-stope basis depending on their proximity to other stopes. An overall dilution factor of 25% was added to development designs. Mining extraction was assessed at 95% for contained ounces within stopes and 100% for development. A cut-off grade of 0.88 g/t Au was applied to material mined within stopes. An

incremental cut-off grade of 0.37 g/t Au was used for development material.

5. Stockpile Mineral Reserves are estimated at a cut-off grade of 0.37 g/t Au and are based upon surveyed volumes supplemented by production data.
6. Mineral Reserves are estimated using an average long-term Au price of US\$1,500/oz, for Björkdal, US\$1,300/oz for Norrberget, and an exchange rate of 9.0 SEK/US\$.
7. Tonnes and contained Au are rounded to the nearest thousand.
8. Totals may not sum due to rounding.
9. The Mineral Reserve Estimate as of 31st December, 2021 for Björkdal was independently verified by Aaron Spong FAusIMM CP (Min) who is a full time employee of Mining Plus. Mr Spong fulfils the requirements to be a "Qualified Person" for the purposes of NI 43-101, and is the Qualified Person under NI 43-101 for the Mineral Reserve.. The Independent Qualified Person for the Norrberget Mineral Reserve estimate is Rick Taylor, MAusIMM (CP), Principal Mining Engineer with SLR, who is a Qualified Person as defined by NI 43-101.

The net decrease of 2,000 ounces of Au in total Mineral Reserves for 2021, relative to 2020, included mining depletion of 52,800 ounces of Au during 2021. Therefore, a total of 50,800 ounces of Au were added to Mineral Reserves for 2021, with an exploration expenditure of \$2.09 million. The exploration cost of adding those Mineral Reserves was \$41.24 per ounce of Au.

Qualified Persons:

All Qualified Persons listed below have read and approved the contents of this news release as it pertains to the Mineral Resource and Mineral Reserve estimates disclosed in this news release.

For Costerfield and Björkdal: The Mineral Resource Estimate was carried out under the supervision of Dr Andrew Fowler, MAusIMM CP(Geo), an employee of Mining Plus and independent of Mandalay Resources Corporation. He is a Qualified Person for the purpose of National Instrument 43-101. The Mineral Reserve Estimate was carried out under the supervision of Aaron Spong, FAusIMM CP (Min), an employee of Mining Plus and independent of Mandalay Resources Corporation. He is a Qualified Person for the purposes of NI 43-101.

For Norrberget: The Mineral Resource Estimates for Norrberget were carried out under the supervision of Reno Pressacco, P.Geo., Principal Geologist, and an employee of SLR and independent of Mandalay Resources Corporation. He is a Qualified Person for the purpose of National Instrument 43-101. The Mineral Reserve Estimate was carried out under the supervision of Rick Taylor, MAusIMM CP (Min), Principal Mining Engineer, and an employee of SLR and independent of Mandalay Resources Corporation. He is a Qualified Person for the purposes of National Instrument 43-101.

For Further Information:

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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 continuing the regional exploration program, at both its Costerfield and Björkdal mines. Currently, the Company's main objectives are to continue mining the high-grade Youle vein at Costerfield, bring online the deeper Shepherd veins, both of which will continue to supply high-grade ore to the processing plant, and to extend Youle Mineral Reserves. 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.

Forward-Looking Statements:

This news release contains "forward-looking statements" within the meaning of applicable securities laws. 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.