



MANDALAY RESOURCES CORPORATION ANNOUNCES FINANCIAL RESULTS FOR THE FIRST QUARTER 2022

TORONTO, ON, May 11, 2022 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce its financial results for the quarter ended March 31, 2022.

The Company's condensed and consolidated interim financial results for the quarter ended March 31, 2022, 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 2022 Highlights:

- Net debt free, with \$50.4 million of cash on hand and \$45.7 million in total interest-bearing debt outstanding;
- Quarterly revenue of \$54.2 million, second highest since Q2 2016;
- \$28.0 million free cash flow¹ and \$35.5 million in net cash flow from operating activities;
- Quarterly adjusted EBITDA¹ of \$31.3 million, second highest in Company's history;
- Adjusted net income¹ of \$13.9 million (\$0.15 or C\$0.19 per share); and
- Consolidated net income of \$10.5 million (\$0.11 or C\$0.14 per share).

Dominic Duffy, President and CEO of Mandalay, commented:

"Mandalay is pleased with our Q1 2022 financial results and particularly in reaching a net debt free position with \$50.4 million of cash on hand and \$45.7 million in total debt remaining. Reaching a net debt free position has been one of the major goals of the Company and it is a credit to the Mandalay team the degree to which the Company has been turned around over the past three years.

"Our consolidated cash and all-in sustaining costs per saleable gold equivalent ounce during Q1 2022 was \$831 and \$1,110, respectively, a decrease of 6% and 8% as compared to the \$883 and \$1,212 during the same period last year.

"The above translated into a very healthy quarter as we generated \$54.2 million in revenue and \$31.3 million in adjusted EBITDA – a margin of 58%. Mandalay earned \$13.9 million in adjusted net income (\$0.15 or C\$0.19 per share) during the first quarter and free cash flow of \$28.0 million.

"Costerfield continued with its remarkable performance as it posted \$30.4 million in revenue and \$22.9 million in adjusted EBITDA. This strong mine operating margin reflects the constant high-grade feed of 13.5 g/t gold and 3.6% antimony from Youle and the continued relatively fixed cost

¹ Adjusted EBITDA, adjusted net income and free cash flow are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Refer to "Non-IFRS Measures" at the end of this press release for further information.

nature of our operation. The processing plant recorded a gold recovery rate of 93.8% – its sixth quarter-over-quarter improvement as we continue to see the improvements related to the CavTube flotation commissioned in early 2021.

“Björkdal generated stable production and sales with \$23.7 million and \$9.4 million in revenue and adjusted EBITDA, respectively, in Q1 2022. The underground ramp up continued as we mined approximately 316,000 tonnes; on pace to exceed our 2021 result of 1.1 million tonnes from the underground. The processed head grade for the quarter was 1.4 g/t gold. In the second half of 2022, we expect grades to increase as we mine the higher-grade areas within the Aurora zone and continue to focus on dilution control.

“During this quarter, the Company also repaid \$3.8 million towards our senior credit facility leaving \$40.1 million owing.

“Mandalay is tracking well to attain its 2022 production and cost guidance and is pleased to build on our track record of operational and financial success.”

First Quarter 2022 Financial Summary

The following table summarizes the Company’s financial results for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021:

	Three months ended March 31, 2022	Three months ended December 31, 2021	Three months ended March 31, 2021
	\$'000	\$'000	\$'000
Revenue	54,154	72,904	52,573
Cost of sales	21,716	30,609	25,414
Adjusted EBITDA ⁽¹⁾	31,305	40,648	26,062
Income from mine ops before depreciation, depletion	32,438	42,295	27,159
Adjusted net income ⁽¹⁾	13,887	21,992	5,646
Consolidated net income	10,485	15,334	25,500
Capital expenditure	9,630	12,250	12,028
Total assets	324,600	317,843	297,219
Total liabilities	138,776	141,156	143,434
Adjusted net income per share ⁽¹⁾	0.15	0.24	0.06
Consolidated net income per share	0.11	0.17	0.28

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

In Q1 2022, Mandalay generated consolidated revenue of \$54.2 million, 3% higher than in the first quarter of 2021. This increase was due to higher realized gold and antimony prices. The Company’s realized gold price in the first quarter of 2022 increased by 9% compared to the first quarter of 2021, and the realized price of antimony increased by 50%. In Q1 2022, Mandalay sold 1,433 fewer gold equivalent ounces than in Q1 2021.

Consolidated cash cost per ounce of \$831 was lower in the first quarter of 2022 compared to \$883 in the first quarter of 2021. Cost of sales during the first quarter of 2022 versus the first

quarter of 2021 were \$2.8 million lower at Costerfield and \$0.8 million lower at Björkdal. Consolidated general and administrative costs were broadly in line between the quarters.

Mandalay generated adjusted EBITDA of \$31.3 million in the first quarter of 2022, 20% higher compared to the Company's adjusted EBITDA of \$26.1 million in the year ago quarter. Adjusted net income was \$13.9 million in the first quarter of 2022, which excludes the \$3.4 million fair value loss related to the unrealized loss on financial instruments, compared to an adjusted net income of \$5.6 million in the first quarter of 2021. Consolidated net income was \$10.5 million for the first quarter of 2022, versus \$25.5 million in the first quarter of 2021. Mandalay ended the first quarter of 2022 with \$50.4 million in cash and cash equivalents.

First Quarter Operational Summary

The table below summarizes the Company's operations, capital expenditures and operational unit costs for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021:

	Three months ended March 31, 2022	Three months ended December 31, 2021	Three months ended March 31, 2021
	\$'000	\$'000	\$'000
Costerfield			
Gold produced (oz)	12,197	13,397	11,082
Antimony produced (t)	683	830	832
Gold equivalent produced (oz)	17,247	19,507	15,458
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	576	557	640
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced (\$)	775	731	937
Capital development	746	1,415	2,978
Property, plant and equipment purchases	1,812	723	901
Capitalized exploration	1,687	1,597	1,225
Björkdal			
Gold produced (oz)	12,384	11,190	11,855
Cash cost ⁽¹⁾ per oz gold produced (\$)	1,186	1,227	1,187
All-in sustaining cost ⁽¹⁾ per oz gold produced (\$)	1,491	1,700	1,533
Capital development	2,460	2,803	2,394
Property, plant and equipment purchases	1,890	4,512	3,845
Capitalized exploration	755	753	457
Cerro Bayo			
Gold produced (oz)	-	1,009	724
Silver produced (oz)	-	50,556	43,669
Gold equivalent produced (oz)	-	1,666	1,363
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	-	1,476	995
Consolidated			
Gold equivalent produced (oz)	29,631	32,362	28,676
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	831	836	883
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced (\$)	1,110	1,162	1,212
Capital development	3,206	4,218	5,372

	Three months ended March 31, 2022	Three months ended December 31, 2021	Three months ended March 31, 2021
	\$'000	\$'000	\$'000
Property, plant and equipment purchases	3,702	5,449	4,746
Capitalized exploration ⁽²⁾	2,722	2,583	1,910

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 12,197 ounces of gold and 683 tonnes of antimony for 17,247 gold equivalent ounces in the first quarter of 2022. Cash and all-in sustaining costs at Costerfield of \$576/oz and \$775/oz, respectively, compared to cash and all-in sustaining costs of \$640/oz and \$937/oz, respectively, in the first quarter of 2021.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 12,384 ounces of gold in the first quarter of 2022 with cash and all-in sustaining costs of \$1,186/oz and \$1,491/oz, respectively, compared to cash and all-in sustaining costs of \$1,187/oz and \$1,533/oz, respectively, in the first quarter of 2021.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was less than \$0.1 million during the first quarter of 2022, which was the same as in the first quarter of 2021. Reclamation spending at Lupin was \$0.2 million during the first quarter of 2022 which was same in the first quarter of 2021. Lupin is currently in the process of final closure and reclamation activities mainly funded by progressive security reductions held by the Crown Indigenous Relations and Northern Affairs Canada.

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. For the year ended December 31, 2021, Mandalay sold 678,794 shares of Aftermath Silver at an average price of C\$0.57 per share. The Company did not sell any shares in the first quarter of 2022. 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.

The sale of Challacollo to Aftermath was originally scheduled to be completed on April 30, 2022. Closing is now anticipated to occur during the second quarter of 2022.

La Quebrada, Chile

No work was carried out on the La Quebrada development property during Q1 2022.

COVID-19

The 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 operations occur or its 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 12, 2022, at 8:00 AM (Toronto time).

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

Participant Number (Toll free):	877 412 4895
Participant Number:	312 281 1211
Conference ID:	13729994

A replay of the conference call will be available until 11:59 PM (Toronto time), May 26, 2022, and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number:	877 660 6853
Encore ID:	13729994

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, including statements regarding the Company's anticipated performance in 2022. 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, 2022, 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 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.

For Further Information:

Dominic Duffy
President and Chief Executive Officer

Edison Nguyen
Direction, Business Valuations and Investor Relations

Contact:
(647) 260-1566 ext. 1