MANDALAY RESOURCES

MANDALAY RESOURCES CORPORATION ANNOUNCES FINANCIAL RESULTS FOR THE SECOND QUARTER 2022

TORONTO, ON, August 10, 2022 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce its financial results for the quarter ended June 30, 2022.

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

Second Quarter 2022 Highlights:

- Strengthened balance sheet – an improved net cash position with $47.9 million of cash on hand and $41.5 million in total interest-bearing debt outstanding;
- Consolidated quarterly revenue of $50.1 million;
- $16.1 million in net cash flow from operating activities and $7.5 million free cash flow[1];
- Consolidated quarterly adjusted EBITDA[1] of $20.3 million;
- Adjusted net income[1] of $5.4 million ($0.06 or C$0.07 per share); and
- Consolidated net income of $2.7 million ($0.03 or C$0.04 per share).

Dominic Duffy, President and CEO of Mandalay, commented:

"Mandalay is pleased with another steady financial quarter in which we generated $7.5 million in free cash flow allowing the Company to further strengthen its balance sheet with an improved net cash position as compared to Q1 2022. We did this in a quarter that had several operational issues resulting in lower than expected production, exhibiting the stability of our financial performance. With forecast production improvements over the remainder of the year, we expect an even stronger cash position by the start of 2023. Reaching a net debt free position was one of the major goals of the Company at the onset of our turnaround over three years ago and I am pleased that we have achieved and exceeded that this year.

"During the quarter the Company generated $50.1 million in revenue and $20.3 million in adjusted EBITDA – a margin of 41%. Mandalay earned $16.1 million in net cash flow from operating activities leading to adjusted net income of $5.4 million ($0.06 or C$0.07 per share) during the second quarter.

"Our consolidated cash and all-in sustaining costs per saleable gold equivalent ounce during Q2 2022 was $1,020 and $1,399, respectively, an increase of 6% and 4% as compared to the $960 and $1,342 during the same period last year. The main driver behind this was the decrease in

[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.

production rates at Björkdal due to lower throughput levels, feed grades and recoveries at the processing plant.

"Costerfield continued its remarkable performance with $32.4 million in revenue and $19.2 million in adjusted EBITDA. This ongoing operating margin performance reflects the continuous high-grade feed and the relatively fixed cost nature of the operation. During Q2 2022, Costerfield processed grades of 11.0 g/t gold and 2.6% antimony and also improved its gold recovery rate of 93.0% against the 92.6% achieved during Q1 2021.

"Björkdal generated stable production and sales with $17.7 million and $2.4 million in revenue and adjusted EBITDA, respectively, in Q2 2022. The underground ramp up continued as we mined approximately 276,000 tonnes; on pace to exceed our 2021 result of 1.1 million tonnes from the underground. For Q3 2022, mining activities will focus on areas of high confidence as we look to lift the grade during the second half of the year.

"The first half of year demonstrated the ongoing strength of our operations and how the Company is well-positioned to build upon its sound financial state. Mandalay is maintaining its 2022 production and cost guidance and looks forward to sustainably generating value for all of our stakeholders."

Second Quarter 2022 Financial Summary

The following table summarizes the Company's financial results for the three months and six months ended June 30, 2022, and 2021:

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	$'000	$'000	$'000	$'000
Revenue	50,116	51,352	104,270	103,925
Cost of sales	28,526	27,135	50,242	52,549
Adjusted EBITDA (1)	20,329	23,135	51,634	49,197
Income from mine ops before depreciation, depletion	21,590	24,217	54,028	51,376
Adjusted net income (1)	5,370	11,475	19,257	17,121
Consolidated net income	2,703	4,790	13,188	30,290
Capital expenditure	10,932	13,578	20,562	25,604
Total assets	306,138	310,841	306,138	310,841
Total liabilities	131,528	151,852	131,528	151,852
Adjusted net income per share (1)	0.06	0.13	0.21	0.19
Consolidated net income per share	0.03	0.05	0.14	0.33

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 Q2 2022, Mandalay generated consolidated revenue of $50.1 million, 2% lower than in the second quarter of 2021. This decrease was mainly due to lower ounces sold at Björkdal and Cerro Bayo's production in last year's quarter. The Company's realized gold price in the second quarter of 2022 increased by 6% compared to the second quarter of 2021, and the realized price of antimony increased by 13%. In Q2 2022, Mandalay sold 1,334 fewer gold equivalent ounces than in Q2 2021.

Consolidated cash cost per ounce of $1,020 was higher in the second quarter of 2022 compared to $960 in the second quarter of 2021. Cost of sales during the second quarter of 2022 versus the second quarter of 2021 were $5.7 million higher at Costerfield and $0.7 million lower at Björkdal. Consolidated general and administrative costs were $0.2 million higher compared to the prior year quarter.

Mandalay generated adjusted EBITDA of $20.3 million in the second quarter of 2022, 12% lower compared to the Company's adjusted EBITDA of $23.1 million in the year ago quarter. Adjusted net income was $5.4 million in the second quarter of 2022, which excludes the $4.4 million of unrealized gain on financial instruments and $7.1 million of revision of reclamation liability, compared to an adjusted net income of $11.5 million in the second quarter of 2021. Consolidated net income was $2.7 million for the second quarter of 2022, versus $4.8 million in the second quarter of 2021. Mandalay ended the second quarter of 2022 with $47.9 million in cash and cash equivalents.

Second Quarter 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, 2022, and 2021:

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	$'000	$'000	$'000	$'000
Costerfield				
Gold produced (oz)	11,079	9,959	23,276	21,041
Antimony produced (t)	523	858	1,206	1,690
Gold equivalent produced (oz)	14,989	14,818	32,236	30,276
Cash cost (1) per oz gold eq. produced ($)	646	652	608	646
All-in sustaining cost (1) per oz gold eq. produced ($)	916	1,009	840	972
Capital development	892	3,108	1,638	6,086
Property, plant and equipment purchases	2,216	1,029	4,028	1,930
Capitalized exploration	1,487	1,583	3,174	2,807
Björkdal				
Gold produced (oz)	8,316	10,941	20,700	22,796
Cash cost (1) per oz gold produced ($)	1,696	1,338	1,391	1,259
All-in sustaining cost (1) per oz gold produced ($)	2,120	1,766	1,729	1,647
Capital development	2,361	2,727	4,822	5,120
Property, plant and equipment purchases	2,878	4,277	4,769	8,122
Capitalized exploration	1,066	601	1,821	1,058
Cerro Bayo				
Gold produced (oz)	-	1,807	-	2,531
Silver produced (oz)	-	87,062	-	130,761

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	$'000	$'000	$'000	$'000
Gold equivalent produced (oz)	-	3,084	-	4,447
Cash cost (1) per oz gold eq. produced ($)	-	1,097	-	1,066
Consolidated				
Gold equivalent produced (oz)	23,305	28,843	52,936	57,519
Cash cost (1) per oz gold eq. produced ($)	1,020	960	914	922
All-in sustaining cost (1) per oz gold eq. produced ($)	1,399	1,342	1,232	1,284
Capital development	3,253	5,835	6,460	11,206
Property, plant and equipment purchases	5,094	5,306	8,797	10,052
Capitalized exploration (2)	2,585	2,437	5,305	4,346

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 11,079 ounces of gold and 523 tonnes of antimony for 14,989 gold equivalent ounces in the second quarter of 2022. Cash and all-in sustaining costs at Costerfield of $646/oz and $916/oz, respectively, compared to cash and all-in sustaining costs of $652/oz and $1,009/oz, respectively, in the second quarter of 2021.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 8,316 ounces of gold in the second quarter of 2022 with cash and all-in sustaining costs of $1,696/oz and $2,120/oz, respectively, compared to cash and all-in sustaining costs of $1,338/oz and $1,766/oz, respectively, in the second quarter of 2021.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was less than $0.1 million during the second quarter of 2022, which was similar to the second quarter of 2021. Reclamation spending was $3.3 million during the second quarter of 2022 compared to $0.8 million during the second 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 second 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 Company completed the sale of Challacollo to Aftermath on August 10, 2022.

La Quebrada, Chile

No work was carried out on the La Quebrada development property during Q2 2022.

Conference Call

Mandalay's management will be hosting a conference call for investors and analysts on August 11, 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):	877 407 8289
Conference ID:	13731674

A replay of the conference call will be available until 11:59 PM (Toronto time), August 25, 2022, and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number:	877 660 6853
Encore ID:	13731674

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:

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