



MANDALAY RESOURCES CORPORATION ANNOUNCES FINANCIAL RESULTS FOR THE FOURTH QUARTER AND FULL-YEAR 2022

TORONTO, ON, February 23, 2023 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce its financial results for the fourth quarter and year ended December 31, 2022.

The Company's audited consolidated financial results for the year ended December 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.

Fourth Quarter 2022 Highlights:

- Refinancing of existing debt facility and \$15.0 million debt repayment of new Revolving Credit Facility, currently \$20.0 million drawn down on this facility;
- Consolidated quarterly revenue of \$41.4 million;
- \$20.9 million in net cash flow from operating activities and \$10.4 million in free cash flow¹; and
- Consolidated quarterly adjusted EBITDA¹ of \$20.1 million.

Full-Year 2022 Highlights:

- Improved net cash position with \$38.4 million of cash on hand and \$24.0 million in total interest-bearing debt outstanding;
- Revenue of \$191.7 million;
- \$80.0 million in net cash flow from operating activities and \$45.0 million in free cash flow¹; and
- Consolidated adjusted EBITDA¹ of \$91.2 million.

Dominic Duffy, President and CEO of Mandalay, commented:

"Mandalay finished the year strongly and continued tracking towards our long-term growth and value creation objectives. We are pleased to have strengthened our balance sheet while improving our net cash position over the year. During the fourth quarter of 2022, Mandalay earned \$41.4 million in revenue and \$20.1 million in adjusted EBITDA¹. The Company generated \$20.9 million in net cash flow from operating activities and \$10.4 million in free cash flow¹ leading to adjusted net income¹ of \$5.2 million (\$0.06 or C\$0.08 per share), marking our tenth consecutive quarter of profitability.

"For the full year of 2022, the Company generated \$191.7 million in revenue, which resulted in adjusted EBITDA¹ of \$91.2 million, a margin of 48%, and \$45.0 million in free cash flow¹. This compares to annual results for 2021 of adjusted EBITDA¹ of \$115.0 million, a margin of 50%, and

¹ Adjusted EBITDA, adjusted net income, free cash flow and cash and all-in sustaining costs 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.

\$18.2 million in free cash flow¹. Mandalay's healthy results this quarter and for the full year 2022, is a reflection of the team's hard work on controlling our costs in this tough economic environment. From a cash² and all-in sustaining cost² perspective, both per ounce cost metrics remained relatively in line during 2022 as compared to 2021. For the year 2022, on a consolidated basis our cash cost² per ounce of saleable gold equivalent produced was \$896, while our all-in sustaining cost² was \$1,207.

"Mandalay ended the year with \$38.4 million in cash on hand and \$24.0 million in total interest-bearing debt outstanding, leaving us in a net cash position of \$14.4 million. This is a \$33.5 million improvement over our net debt position of \$19.1 million at the end of 2021. We also refinanced our previous credit facility with a new Revolving Credit Facility at lower interest rates in the fourth quarter, leaving us in a stronger and more flexible position to manage our cash going forward. The \$15.0 million repayment against this debt at the end of the year means that the Company has \$20.0 million of debt outstanding, excluding lease and equipment debt. A gold price hedge extension was not required for this facility, and with the expiry of hedges we were required to put in place in connection with the prior Syndicated Facility in June 2023, should allow for increased cash flow in the second half of 2023 in the current higher gold price environment.

"Costerfield continued its strong financial performance in the fourth quarter of 2022, with \$25.8 million in revenue and \$18.1 million in adjusted EBITDA². Our high-grade deposits are providing consistently strong margins with processed grades of 12.7 g/t gold and 2.6% antimony. Gold and antimony recovery rates also improved as compared to the previous quarter to 94.2% and 93.8%, respectively.

"Björkdal generated stable sales of \$15.6 million and \$3.3 million in revenue and adjusted EBITDA², respectively, during the fourth quarter.

"During 2022, we also maintained our focus on strategically investing in our exploration programs at both sites with more than \$10.0 million spent. With the Company's strengthening balance sheet year-over-year and the commitment towards exploration, we are anticipating an even stronger 2023. We look forward to building upon operational and financial success and improving returns to our shareholders as we look towards generating stronger cash flow."

Fourth Quarter and Full-Year 2022 Financial Summary

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

² Adjusted EBITDA, adjusted net income, free cash flow and cash and all-in sustaining costs 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.

	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
	\$'000	\$'000	\$'000	\$'000
Revenue	41,381	72,904	191,699	229,396
Cost of sales	19,972	30,609	94,904	108,853
Adjusted EBITDA ⁽¹⁾	20,137	40,648	91,179	114,960
Income from mine ops before depreciation and depletion ⁽¹⁾	21,409	42,295	96,795	120,543
Adjusted net income ⁽¹⁾	5,202	21,992	26,971	49,203
Consolidated net income	1,043	15,334	23,506	54,879
Capital expenditure	11,028	12,250	40,686	50,303
Total assets	282,224	317,843	282,224	317,843
Total liabilities	98,070	141,156	98,070	141,156
Adjusted net income per share ⁽¹⁾	0.06	0.24	0.29	0.54
Consolidated net income per share	0.01	0.17	0.26	0.60

1. Income from mine operations before depreciation & depletion, Adjusted EBITDA, adjusted net income and adjusted net income per share 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.

In Q4 2022, Mandalay generated consolidated revenue of \$41.4 million, 43% lower than the \$72.9 million in the fourth quarter of 2021. The gold equivalent ounces sold in Q4 2021 was exceptionally higher than average because of the level of concentrate sold at Costerfield during Q4 2021 due to the delay of shipments during Q3 2021. Adding to the difference was the absence of any revenue from Cerro Bayo in the current quarter compared to \$2.2 million in Q4 2021. The Company's realized gold price in the fourth quarter of 2022 decreased by 9% compared to the fourth quarter of 2021, and the realized price of antimony decreased by 22%. In Q4 2022, Mandalay sold 14,422 fewer gold equivalent ounces than in Q4 2021.

Consolidated cash cost³ per ounce of \$909 was higher in the fourth quarter of 2022 compared to \$836 in the fourth quarter of 2021. Cost of sales during the fourth quarter of 2022 versus the fourth quarter of 2021 were \$8.4 million lower at Costerfield and \$0.3 million lower at Björkdal. Consolidated general and administrative costs were \$0.4 million lower compared to the prior year quarter.

Mandalay generated adjusted EBITDA³ of \$20.1 million in the fourth quarter of 2022, 50% lower than adjusted EBITDA³ of \$40.6 million in the fourth quarter of 2021, decrease in adjusted EBITDA³ was due to lower revenue in the current quarter. Adjusted net income³ was \$5.2 million in the fourth quarter of 2022, which excludes a \$0.7 million unrealized loss on financial instruments and \$2.8 million of revision of reclamation liability and \$0.7 million of write down of assets, compared to an adjusted net income³ of \$22.0 million in the fourth quarter of 2021.

Consolidated net income³ was \$1.0 million for the fourth quarter of 2022, versus \$15.3 million in the fourth quarter of 2021. Mandalay ended the fourth quarter of 2022 with \$38.4 million in cash and cash equivalents.

³ Adjusted EBITDA, adjusted net income and cash cost 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.

Fourth Quarter and Full-Year 2022 Operational Summary

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

	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
	\$'000	\$'000	\$'000	\$'000
Costerfield				
Gold produced (oz)	12,085	13,397	47,887	47,753
Antimony produced (t)	504	830	2,292	3,380
Gold equivalent produced (oz)	15,427	19,507	64,659	68,729
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	608	557	624	593
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced (\$)	800	731	830	866
Capital development	678	1,415	3,521	10,426
Property, plant and equipment purchases	1,584	723	6,697	4,302
Capitalized exploration	1,747	1,597	6,421	5,940
Björkdal				
Gold produced (oz)	10,256	11,190	41,247	45,236
Cash cost ⁽¹⁾ per oz gold produced (\$)	1,362	1,227	1,321	1,233
All-in sustaining cost ⁽¹⁾ per oz gold produced (\$)	1,774	1,700	1,656	1,609
Capital development	2,570	2,803	8,748	10,015
Property, plant and equipment purchases	3,335	4,512	11,100	16,095
Capitalized exploration	1,114	753	3,885	2,376
Cerro Bayo				
Gold produced (oz)	-	1,009	-	5,303
Silver produced (oz)	-	50,556	-	266,596
Gold equivalent produced (oz)	-	1,665	-	9,037
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	-	1,476	-	1,199
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced (\$)	-	1,604	-	1,246
Consolidated				
Gold equivalent produced (oz)	25,683	32,362	105,906	123,002
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	909	836	896	873
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced (\$)	1,246	1,162	1,207	1,212
Capital development	3,248	4,218	12,269	20,441
Property, plant and equipment purchases	4,919	5,449	17,797	20,825
Capitalized exploration ⁽²⁾	2,861	2,583	10,620	9,037

1. Cash cost and all-in sustaining cost 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.
2. Includes capitalized exploration relating to other non-core assets.

Costerfield gold-antimony mine, Victoria, Australia

Costerfield produced 12,085 ounces of gold and 504 tonnes of antimony for 15,427 gold equivalent ounces in the fourth quarter of 2022. Cash and all-in sustaining costs at Costerfield of \$608/oz and \$800/oz, respectively, compared to cash and all-in sustaining costs of \$557/oz and \$731/oz, respectively, in the fourth quarter of 2021.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 10,256 ounces of gold in the fourth quarter of 2022 with cash and all-in sustaining costs of \$1,362/oz and \$1,774/oz, respectively, compared to cash and all-in sustaining costs of \$1,227/oz and \$1,700/oz, respectively, in the fourth quarter of 2021.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was less than \$0.1 million during the fourth quarter of 2022, compared to \$0.1 million in the fourth quarter of 2021. Reclamation spending at Lupin was \$7.4 million during 2022 compared to \$6.1 million during 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") paid C\$1.5 million in cash and on May 5, 2021, issued 2,054,794 common shares at fair value of C\$0.73 per share to the Company, in satisfaction of a purchase price instalment. For the year ended December 31, 2021, Mandalay sold 678,794 shares of Aftermath at an average price of C\$0.57 per share.

On August 10, 2022, the Company completed the sale of Challacollo to Aftermath and received an additional purchase price instalment of C\$1.0 million in cash and 6,122,448 Aftermath shares with a fair value of C\$0.245 per share. On November 24, 2022, the Company received a final payment of C\$0.5 million plus interest of C\$17,000 in cash. The Company also received a 3% net smelter returns royalty on production at Challacollo, capped at \$3.0 million as part of the consideration. The Company recognized a gain of \$1.8 million related to sale of Challacollo. During the year ended December 31, 2022, the Company sold 1,376,000 shares at an average of C\$0.31 per share.

La Quebrada, Chile

No work was carried out on the La Quebrada development property during Q4 2022.

Conference Call

Mandalay's management will be hosting a conference call for investors and analysts on February 24, 2023, at 8:00 AM (Toronto time).

Analysts and interested investors are recommended to join the conference call by registering your name and phone number at the following URL to receive an instant automated call on your phone, to avoid any wait time to talk to an operator: <https://emportal.ink/3IDAMEp>

Alternatively, you may join by using the following dial-in numbers and talking to an operator:

Participant Number (Toll free): 888-664-6383
Participant Number (Local): 416-764-8650
Conference ID: 92453217

A replay of the conference call will be available until 11:59 PM (Toronto time), March 03, 2023, and can be accessed using the following dial-in numbers:

Encore Number (Toll free): 888-390-0541
Encore Number (Local): 416-764-8677
Encore Replay Code: 453217

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 the deeper Shepherd veins into production, both of which are expected to continue to supply high-grade ore to the processing plant, and to extend Youle's 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 Income from mine operations before depreciation & depletion, 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 Company'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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