MANDALAY RESOURCES CORPORATION ANNOUNCES EARNINGS RESULTS FOR THE FIRST QUARTER 2023

TORONTO, ON, May 10, 2023 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce its financial and operational results for the quarter ended March 31, 2023.

The Company's condensed and consolidated interim financial results for the quarter ended March 31, 2023, 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 2023 Highlights:

- Maintained a strong financial position with $34.2 million of cash on hand;
- Generated consolidated quarterly revenue of $42.2 million;
- Consolidated quarterly adjusted EBITDA[1] of $12.9 million; and
- Consolidated net income in Q1 2023 was $0.6 million ($0.01 or C$0.01 per share).

Frazer Bourchier Mandalay's New Director, President and CEO, commented: "Mandalay delivered stable financial results and maintained a healthy net cash position during the quarter delivering its eleventh consecutive profitable quarter. The gold price was strong and these fundamentals indicate solid future performance. At Costerfield, performance was hindered by lower than planned mined ore tonnes and grade predominately due to non-systemic incidents affecting the quarter. At Björkdal, supply chain challenges delayed delivery of underground equipment, which led to lower grade and ore tonnes. We are addressing these production shortfalls with action plans focused on labour, improved infrastructure, mobile equipment availability and increased definition drilling."

Nick Dwyer, CFO of Mandalay, commented: "Mandalay ended the quarter in a strong financial position with $34.2 million in cash on hand and $23.5 million in total interest-bearing debt outstanding, leaving us in a net cash position of $10.7 million. Our consolidated cash costs[1] and all-in sustaining costs[1] per saleable gold equivalent ounce produced during Q1 2023 were $1,222 and $1,596, respectively, up from previous quarters mainly due to lower metal production."

Mr. Bourchier continued: "Looking forward, Mandalay will be free of all hedging encumbrances after Q2 2023, of which we incurred a $3.0 million outlay during the quarter. The hedges were a requirement of the previous, now closed debt facility. In addition, the Company will continue to invest in exploration to both extend mine life in known mineralized areas and to step out for potential new near mine discoveries. Management remains very focused on improving operational processes and controls to compensate for this Q1 2023 shortfall in order to achieve 2023

[1] Adjusted EBITDA, adjusted net income, cash costs 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.

guidance. I look forward to further unlocking the considerable value potential I see underlying both assets in the next 12 to 24 months."

First Quarter 2023 Financial Summary

The following table summarizes the Company's consolidated financial results for the three months ended March 31, 2023, December 31, 2022 and March 31, 2022:

	Three months ended March 31, 2023	**Three months ended December 31, 2022**	**Three months ended March 31, 2022**
	$'000	**$'000**	**$'000**
Revenue	42,179	41,381	54,154
Cost of sales	26,606	19,972	21,716
Adjusted EBITDA (1)	12,945	20,137	31,305
Income from mine ops before depreciation and depletion(1)	15,573	21,409	32,438
Adjusted net income (1)	518	5,202	13,887
Consolidated net income	554	1,043	10,485
Capital expenditure	8,776	11,028	9,630
Total assets	279,413	282,224	324,600
Total liabilities	94,907	98,070	138,776
Adjusted net income per share (1)	0.01	0.06	0.15
Consolidated net income per share	0.01	0.01	0.11

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 Q1 2023, Mandalay generated consolidated revenue of $42.2 million, 22% lower than the $54.2 million in the first quarter of 2022. The decrease in revenue was due to lower production with lower metal grades at both the sites. The Company's realized gold price in the first quarter of 2023 increased by 2% compared to the first quarter of 2022, and the realized price of antimony decreased by 10%. In Q1 2023, Mandalay sold 6,511 fewer gold equivalent ounces than in Q1 2022.

Consolidated cash cost per ounce of $1,222 was higher in the first quarter of 2023 compared to $831 in the first quarter of 2022. Cost of sales during the first quarter of 2023 versus the first quarter of 2022 were $4.3 million higher at Costerfield and $0.6 million higher at Björkdal. Consolidated general and administrative costs were $1.5 million higher compared to the prior year quarter.

Mandalay generated adjusted EBITDA of $12.9 million in the first quarter of 2023, 59% lower than adjusted EBITDA of $31.3 million in the first quarter of 2022, the decrease in adjusted EBITDA was due to lower revenue in the current quarter. Adjusted net income was $0.5 million in the first quarter of 2023, which excludes a $0.1 million unrealized gain on financial instruments, compared to an adjusted net income of $13.9 million in the first quarter of 2022.

Consolidated net income was $0.6 million for the first quarter of 2023, versus $10.5 million in the first quarter of 2022. Mandalay ended the first quarter of 2023 with $34.2 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, 2023, December 31, 2022 and March 31, 2022:

	Three months ended March 31, 2023	Three months ended December 31, 2022	Three months ended March 31, 2022
	$'000	$'000	$'000
Costerfield			
Gold produced (oz)	7,368	12,085	12,197
Antimony produced (t)	544	504	683
Gold equivalent produced (oz)	11,017	15,427	17,247
Cash cost (1) per oz gold eq. produced ($)	921	608	576
All-in sustaining cost (1) per oz gold eq. produced ($)	1,101	800	775
Capital development	865	678	746
Property, plant and equipment purchases	508	1,584	1,812
Capitalized exploration	2,151	1,747	1,687
Björkdal			
Gold produced (oz)	8,969	10,256	12,384
Cash cost (1) per oz gold produced ($)	1,592	1,362	1,186
All-in sustaining cost (1) per oz gold produced ($)	1,902	1,774	1,491
Capital development	1,809	2,570	2,460
Property, plant and equipment purchases	2,583	3,335	1,890
Capitalized exploration	794	1,114	755
Consolidated			
Gold equivalent produced (oz)	19,986	25,683	29,631
Cash cost (1) per oz gold eq. produced ($)	1,222	909	831
All-in sustaining cost (1) per oz gold eq. produced ($)	1,596	1,246	1,110
Capital development	2,674	3,248	3,206
Property, plant and equipment purchases	3,091	4,919	3,702
Capitalized exploration (2)	3,011	2,861	2,722

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 7,368 ounces of gold and 544 tonnes of antimony for 11,017 gold equivalent ounces in the first quarter of 2023. Cash and all-in sustaining costs at Costerfield of $921/oz and $1,101/oz, respectively, compared to cash and all-in sustaining costs of $576/oz and $775/oz, respectively, in the first quarter of 2022.

Costerfield posted another solid quarter with $23.3 million in revenue and $11.5 million in adjusted EBITDA. Head grades during Q1 2023, averaged 7.7 g/t gold and 2.6% antimony, both were below expectations as processed grades were adversely affected by a higher volume of the lower grade stockpile material required to supplement the lower tonnages of mined ore. The lower mining tonnes were mainly a result of higher than usual turnover of staff over the last few quarters, lower than planned equipment availability due to a damaged loader, and a power interruption that resulted in lost production days.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 8,969 ounces of gold in the first quarter of 2023 with cash and all-in sustaining costs of $1,592/oz and $1,902/oz, respectively, compared to cash and all-in sustaining costs of $1,186/oz and $1,491/oz, respectively, in the first quarter of 2022.

Björkdal generated consistent production and sales figures with $18.9 million and $4.1 million in revenue and adjusted EBITDA, respectively, in Q1 2023. Production was lower than expected as mined tonnage was negatively affected by the lack of availability in trucks and labour shortfalls. As compared to the same period last year, mined ore from the underground was down approximately 24%. This led to lower processed head grades for the quarter at 1.05 g/t gold due to the need to use a larger volume of the 0.6 g/t gold surface stockpile in the blend through the mill. With the operational actions Mandalay is taking to improve production from the first quarter, unit costs at both sites are expected to decrease when compared to the first quarter.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was less than $0.1 million during the first quarter of 2023, which was same as in the first quarter of 2022. Reclamation spending at Lupin was $0.1 million during the first quarter of 2023 compared to $2.7 million in the first quarter of 2022. 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.

La Quebrada, Chile

No work was carried out on the La Quebrada development property during Q1 2023.

Conference Call

Mandalay's management will be hosting a conference call for investors and analysts on May 11, 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/3Lh7KeL

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

Participant Number (North America toll free):	888-664-6383
Participant Number (Local):	416-764-8650
Conference ID:	13748019

A replay of the conference call will be available until 11:59 PM (Toronto time), May 18, 2023, and can be accessed using the following dial-in numbers:

Encore Number (North America Toll free):	888-390-0541
Encore Number (Local):	416-764-8677
Encore Replay Code:	748019

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 2023. 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, 2023, 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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