# MANDALAY RESOURCES ANNOUNCES FINANCIAL RESULTS FOR THE SECOND QUARTER 2023

TORONTO, ON, August 9, 2023 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce its financial results for the quarter ended June 30, 2023.

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

**Second Quarter 2023 Highlights:**

- Maintained a strong financial position with $32.8 million of cash on hand;
- Generated consolidated quarterly revenue of $39.7 million;
- Consolidated quarterly adjusted EBITDA[1] of $8.9 million;
- Consolidated net income was $0.5 million ($0.01 or C$0.01 per share); and
- The Company settled its final gold hedging obligations in July 2023.

Frazer Bourchier, President, and CEO of Mandalay, commented:

"Mandalay delivered stable financial results in the second quarter, marking an impressive twelfth consecutive profitable quarter. We are pleased to have maintained a healthy net cash position amidst various production challenges.

"At Björkdal, some of the initiatives implemented during the first half of the year are leading to encouraging improvements in terms of mined ore tonnes and grade. Subsequent to Q2, we achieved a milestone by obtaining the mining concession for the recently discovered Eastern Extension of our Björkdal mine. This achievement brings forth exciting opportunities for growth with our strategic objective of incorporating higher gold grades and margin ounces into our near-term production profile at Björkdal. At Costerfield, despite the delayed arrival of a replacement underground loader, we improved mined ore tonnes by over 25% from the previous quarter. Our focus remains on improving our understanding of the Shepherd Zone by progressing development. In the last half of this year, our plan is to focus production on the higher-grade core of Youle while simultaneously advancing development of the multiple veins of the Shepherd orebody."

Nick Dwyer, CFO of Mandalay, commented:

"The Company maintained a healthy balance sheet supported by $39.7 million in revenue and $8.9 million in adjusted EBITDA[1], which resulted in net income of $0.5 million. Mandalay ended

[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.

Q2 2023 with $32.8 million cash on hand and a net cash position of $8.2 million. We achieved this while still encumbered by our historic gold hedge obligations, in respect of which we paid $4.4 million this quarter. These hedges mostly expired in June 2023, which will improve our profitability going forward based on assumed current spot metal prices.

"Our consolidated cash costs and all-in sustaining costs[1] per saleable gold equivalent ounce produced during Q2 2023 were $1,159 and $1,644, respectively, up from the previous quarter mainly due to lower metal production due to lower grades at Costerfield.

"To further support our growth prospects, exploration spend both near mine and regionally within our tenement packages, remains on track with an anticipated full year spend of $10 – 14 million across both sites."

Mr. Bourchier concluded: "We remain steadfast in not losing focus on our two existing operations while continuing mine optimization avenues, driving effective organic exploration activities, and exploring any accretive corporate development opportunities. These focus areas and pursuits not only enable optionality in growth strategies but should pave the way for sustained financial success and growing shareholder value."

**Second Quarter 2023 Financial Summary**

The following table summarizes the Company's consolidated financial results for the three months and six months ended June 30, 2023 and 2022:

| | **Three months ended June 30, 2023** | **Three months ended June 30, 2022** | **Six months ended June 30, 2023** | **Six months ended June 30, 2022** |
|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Revenue | 39,670 | 50,116 | 81,849 | 104,270 |
| Cost of sales | 29,236 | 28,526 | 55,842 | 50,242 |
| Adjusted EBITDA (1) | 8,890 | 20,329 | 21,835 | 51,634 |
| Income from mine ops before depreciation and depletion (1) | 10,434 | 21,590 | 26,007 | 54,028 |
| Adjusted net (loss) income (1) | (3,229) | 5,370 | (2,711) | 19,257 |
| Consolidated net income | 524 | 2,703 | 1,078 | 13,188 |
| Capital expenditure | 14,095 | 10,932 | 22,872 | 20,562 |
| Total assets | 271,324 | 306,138 | 271,324 | 306,138 |
| Total liabilities | 91,001 | 131,528 | 91,001 | 131,528 |
| Adjusted net (loss) income per share (1) | (0.03) | 0.06 | (0.03) | 0.21 |
| Consolidated net income per share | 0.01 | 0.03 | 0.01 | 0.14 |

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 Q2 2023, Mandalay generated consolidated revenue of $39.7 million, 21% lower than the $50.1 million in the second quarter of 2022. The decrease in revenue was due to lower gold equivalent ounces sold at Costerfield. The Company's realized gold price in the second quarter of 2023 increased by 3% compared to the second quarter of 2022, and the realized price of antimony decreased by 6%. In Q2 2023, Mandalay sold 6,552 fewer gold equivalent ounces than in Q2 2022.

Consolidated cash cost per ounce of $1,159 was higher in the second quarter of 2023 compared to $1,020 in the second quarter of 2022. Cost of sales during the second quarter of 2023 versus the second quarter of 2022 were $2.3 million higher at Costerfield and $1.6 million lower at Björkdal. Consolidated general and administrative costs were $0.3 million higher compared to the prior year quarter.

Mandalay generated adjusted EBITDA of $8.9 million in the second quarter of 2023, 56% lower than adjusted EBITDA of $20.3 million in the second quarter of 2022, the decrease in adjusted EBITDA was due to lower revenue in the current quarter. Adjusted net loss was $3.2 million in the second quarter of 2023, which excludes $4.2 million unrealized gain on financial instruments and $0.5 million write down of assets, compared to an adjusted net income of $5.4 million in the second quarter of 2022.

Consolidated net income was $0.5 million for the second quarter of 2023, versus $2.7 million in the second quarter of 2022. Mandalay ended the second quarter of 2023 with $32.8 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, 2023, and 2022:

| | **Three months ended June 30, 2023** | **Three months ended June 30, 2022** | **Six months ended June 30, 2023** | **Six months ended June 30, 2022** |
|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Costerfield** | | | | |
| Gold produced (oz) | 7,296 | 11,079 | 14,664 | 23,276 |
| Antimony produced (t) | 517 | 523 | 1,061 | 1,206 |
| Gold equivalent produced (oz) | 10,453 | 14,989 | 21,470 | 32,236 |
| Cash cost (1) per oz gold eq. produced ($) | 930 | 646 | 925 | 608 |
| All-in sustaining cost (1) per oz gold eq. produced ($) | 1,184 | 916 | 1,141 | 840 |
| Capital development | 983 | 892 | 1,848 | 1,638 |
| Property, plant and equipment purchases | 1,089 | 2,216 | 1,597 | 4,028 |
| Capitalized exploration | 1,968 | 1,487 | 4,120 | 3,174 |
| **Björkdal** | | | | |
| Gold produced (oz) | 10,397 | 8,316 | 19,366 | 20,700 |
| Cash cost (1) per oz gold produced ($) | 1,389 | 1,696 | 1,483 | 1,391 |
| All-in sustaining cost (1) per oz gold produced ($) | 1,942 | 2,120 | 1,923 | 1,729 |
| Capital development | 2,761 | 2,361 | 4,569 | 4,822 |
| Property, plant and equipment purchases | 5,743 | 2,878 | 8,327 | 4,769 |
| Capitalized exploration | 1,551 | 1,066 | 2,344 | 1,821 |

| | Three months ended June 30, 2023 | Three months ended June 30, 2022 | Six months ended June 30, 2023 | Six months ended June 30, 2022 |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Consolidated** | | | | |
| Gold equivalent produced (oz) | 20,850 | 23,305 | 40,836 | 52,936 |
| Cash cost [(1)] per oz gold eq. produced ($) | 1,159 | 1,020 | 1,190 | 914 |
| All-in sustaining cost [(1)] per oz gold eq. produced ($) | 1,644 | 1,399 | 1,620 | 1,232 |
| Capital development | 3,744 | 3,253 | 6,417 | 6,460 |
| Property, plant and equipment purchases | 6,832 | 5,094 | 9,924 | 8,797 |
| Capitalized exploration [(2)] | 3,519 | 2,585 | 6,531 | 5,305 |

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 7,296 ounces of gold and 517 tonnes of antimony for 10,453 gold equivalent ounces in the second quarter of 2023. Cash and all-in sustaining costs at Costerfield of $930/oz and $1,184/oz, respectively, compared to cash and all-in sustaining costs of $646/oz and $916/oz, respectively, in the second quarter of 2022.

During Q2 2023, Costerfield generated $20.5 million in revenue and $5.2 million in adjusted EBITDA, which resulted in net income of $0.8 million. Head grades during Q2 2023, which averaged 7.4 g/t gold and 2.4% antimony, were below expectations as processed grades were adversely affected by a delay in stope progression into the higher-grade core of the Youle orebody, ongoing normal course geology model reconciliations, and a shortfall in mined tonnes due to delays in receiving a replacement remote loader.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 10,397 ounces of gold in the second quarter of 2023 with cash and all-in sustaining costs of $1,389/oz and $1,942/oz, respectively, compared to cash and all-in sustaining costs of $1,696/oz and $2,120/oz, respectively, in the second quarter of 2022.

Björkdal generated consistent production and sales figures with $19.1 million, $5.4 million and $2.9 million in revenue, adjusted EBITDA and net loss, respectively, in Q2 2023. Production of 10,397 ounces was higher than the 8,316 ounces produced in the second quarter of 2022 due to the higher processed head grade. As compared to the same period last year, mined ore was up approximately 9% as the new haulage fleet alleviated the prior bottleneck arising from a lack of available trucks. The increase in mined tonnes reduced the need to supplement the mill with the lower grade stockpile material compared to the first quarter of 2023. With the ongoing operational actions Mandalay is taking to improve production, unit costs at both sites over the balance of 2023 are expected to decrease compared to the first half of the year.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was less than $0.1 million during the second quarter of 2023, which was same as in the second quarter of 2022. Reclamation spending at Lupin was less than $0.1 million during the second quarter of 2023 compared to $2.5 million in the second quarter of 2022. The majority of this reclamation work is expected during 2024 as Lupin is currently in the process of final closure and reclamation activities which are 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 Q2 2023.

## Conference Call

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 by clicking here.

You may also join by using the following dial-in numbers for an operator:

| | |
|---|---|
| Participant Number (North America toll free): | 888-664-6383 |
| Participant Number (Local): | 416-764-8650 |
| Conference ID: | 71127844 |

Alternatively, please register for the webcast here.

A replay of the conference call will be available until 11:59 PM (Toronto time), August 17, 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: | 127844 |

## 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:**

Frazer Bourchier
Director, President and Chief Executive Officer

Edison Nguyen
Director, Business Valuations and IR

Contact:
(647) 258 9722