



Mandalay Resources Announces Financial Results for the Third Quarter 2023 and CFO Transition

TORONTO, ON, November 8, 2023 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce its financial results for the quarter ended September 30, 2023.

The Company's condensed and consolidated interim financial statements for the quarter ended September 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.

Third Quarter 2023 Highlights:

- Generated consolidated quarterly revenue of \$40.9 million;
- Björkdal had its strongest quarter since Q1 2022 generating revenue of \$21.8 million and adjusted EBITDA¹ of \$9.0 million for 2023;
- Consolidated quarterly adjusted EBITDA of \$15.4 million; and
- Consolidated net income was \$4.1 million (\$0.04 or C\$0.06 per share).

Frazer Bouchier, President, and CEO commented:

"Mandalay delivered solid financial performance during the third quarter, resulting in the Company's thirteenth consecutive quarter of profitability. Characterized by stable production and improving grades, the strategic initiatives undertaken at Björkdal are yielding encouraging results allowing the site to achieve its highest revenue and EBITDA in the past six quarters. At Costerfield, milled gold head grades improved to 9.6 g/t gold in Q3 2023 and, as earlier 2023 underground mining delays are progressively overcome, we expect these underground grades to further improve in Q4 2023.

"As we look ahead to the final quarter this year, with anticipated further improvements at Costerfield with higher-grade areas at Youle and improved mill throughput, as well as another consistent quarter of production at Björkdal underpinned by higher-grade Eastern Extension ore, the Company expects to achieve the lower end of its production guidance range of 88,000 – 100,000 gold equivalent ounces."

Nick Dwyer, CFO commented:

"Our consolidated cash costs and all-in sustaining costs¹ per saleable gold equivalent ounce produced during Q3 2023 were \$1,084 and \$1,436, respectively. These figures represent a

¹Adjusted 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.

decrease from the previous quarter mainly due to higher metal production and lower capital expenditure.

"As at the end of Q3 2023, the Company maintained a healthy balance sheet, closing with \$21.7 million in cash on hand and a net debt position of \$2.4 million. Our financial stability was further supported by \$40.9 million in revenue and \$15.4 million in adjusted EBITDA¹, resulting in net income of \$4.1 million.

"The month end cash balance and temporary dip into a net debt position, were negatively influenced by a delayed receipt of \$5.5 million at Björkdal due to a shipment which was received after quarter end. Cash was also impacted during the quarter by an expected one-off reclamation increased bonding requirement at Costerfield of \$3.5 million."

Mr. Bouchier concluded: "As we move forward, our primary focus remains delivering operating cashflow and executing our growth plan to become a mid-tier gold producer. We are steadfast on our path to transformational growth, and every step we take is aligned with this strategic objective while also delivering optimal performance to our valued shareholders and stakeholders."

Third Quarter 2023 Financial Summary

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

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
	\$'000	\$'000	\$'000	\$'000
Revenue	40,907	46,048	122,756	150,318
Cost of sales	24,245	24,690	80,087	74,932
Adjusted EBITDA ⁽¹⁾	15,422	19,408	37,257	71,042
Income from mine ops before depreciation and depletion ⁽¹⁾	16,662	21,358	42,669	75,386
Adjusted net income ⁽¹⁾	3,654	2,512	943	21,769
Consolidated net income	4,068	9,275	5,146	22,463
Capital expenditure	10,018	9,094	32,889	29,658
Total assets	273,548	278,359	273,548	278,359
Total liabilities	91,669	105,038	91,669	105,038
Adjusted net income per share ⁽¹⁾	0.04	0.03	0.01	0.24
Consolidated net income per share	0.04	0.10	0.06	0.24

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 Q3 2023, Mandalay generated consolidated revenue of \$40.9 million, 11% lower than the \$46.0 million in the third quarter of 2022. The decrease in revenue was due to lower gold equivalent ounces produced and therefore sold at Costerfield. The Company's realized gold price in the third quarter of 2023 increased by 15% compared to the third quarter of 2022, and the realized price of antimony decreased by 9%. In Q3 2023, Mandalay sold 5,983 fewer gold equivalent ounces than in Q3 2022.

Consolidated cash cost per ounce of \$1,084 was higher in the third quarter of 2023 compared to \$846 in the third quarter of 2022. Cost of sales during the third quarter of 2023 versus the third quarter of 2022 were \$1.4 million lower at Costerfield and \$1.0 million higher at Björkdal. Consolidated general and administrative costs were \$0.7 million lower compared to the prior year quarter.

Mandalay generated adjusted EBITDA of \$15.4 million in the third quarter of 2023, 21% lower than adjusted EBITDA of \$19.4 million in the third quarter of 2022, the decrease in adjusted EBITDA was due to lower revenue in the current quarter. Adjusted net income was \$3.7 million in the third quarter of 2023, which excludes a \$0.4 million unrealized gain on financial instruments, compared to an adjusted net income of \$2.5 million in the third quarter of 2022.

Consolidated net income was \$4.1 million for the third quarter of 2023, versus \$9.3 million in the third quarter of 2022. Mandalay ended the third quarter of 2023 with \$21.7 million in cash and cash equivalents.

Third Quarter Operational Summary

The table below summarizes the Company's operations, capital expenditures and operational unit costs for the three months and nine months ended September 30, 2023, and 2022:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
	\$'000	\$'000	\$'000	\$'000
Costerfield				
Gold produced (oz)	8,377	12,526	23,041	35,802
Antimony produced (t)	395	582	1,456	1,788
Gold equivalent produced (oz)	10,808	16,996	32,278	49,232
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	975	669	942	629
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced (\$)	1,265	838	1,215	840
Capital development	943	1,205	2,791	2,843
Property, plant and equipment purchases	1,030	1,085	2,627	5,113
Capitalized exploration	1,962	1,500	6,081	4,673
Björkdal				
Gold produced (oz)	11,224	10,291	30,590	30,991
Cash cost ⁽¹⁾ per oz gold produced (\$)	1,189	1,139	1,375	1,308
All-in sustaining cost ^(1,3) per oz gold produced (\$)	1,474	1,397	1,781	1,652
Capital development	1,959	1,357	6,529	6,178
Property, plant and equipment purchases	3,195	2,997	11,522	7,765
Capitalized exploration	929	950	3,273	2,771
Consolidated				
Gold equivalent produced (oz)	22,032	27,287	62,868	80,223
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	1,084	846	1,153	891
All-in sustaining cost ^(1,3) per oz gold eq. produced (\$)	1,436	1,124	1,583	1,208

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
	\$'000	\$'000	\$'000	\$'000
Capital development	2,902	2,562	9,320	9,021
Property, plant and equipment purchases	4,225	4,082	14,149	12,878
Capitalized exploration ⁽²⁾	2,891	2,450	9,420	7,759

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.
3. All-in sustaining costs now includes tailings dam amortization, accordingly the 2022 comparative figures have been updated.

Costerfield gold-antimony mine, Victoria, Australia

Costerfield produced 8,377 ounces of gold and 395 tonnes of antimony for 10,808 gold equivalent ounces in the third quarter of 2023. Cash and all-in sustaining costs at Costerfield of \$975/oz and \$1,265/oz, respectively, compared to cash and all-in sustaining costs of \$669/oz and \$838/oz, respectively, in the third quarter of 2022.

During Q3 2023, Costerfield generated \$19.1 million in revenue and \$7.7 million in adjusted EBITDA, which resulted in net income of \$3.5 million. Head grades during Q3 2023, which averaged 9.6 g/t gold and 2.2% 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 and lower throughput which was due to temporary challenges encountered with the hardness of the ore during transition from the Youle to the Shepherd zone.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 11,224 ounces of gold in the third quarter of 2023 with cash and all-in sustaining costs of \$1,189/oz and \$1,474/oz, respectively, compared to cash and all-in sustaining costs of \$1,139/oz and \$1,397/oz, respectively, in the third quarter of 2022.

Björkdal continues to show improvement in production and sales figures with \$21.8 million, \$9.0 million and \$2.1 million in revenue, adjusted EBITDA and net income, respectively, in Q3 2023. Production of 11,224 ounces was higher than the 10,291 ounces produced in the third quarter of 2022 due to the higher processed head grade.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was less than \$0.1 million during the third quarter of 2023, which was same as in the third quarter of 2022. Reclamation spending at Lupin was \$0.1 million during the third quarter of 2023 compared to \$1.2 million in the third 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 Q3 2023.

CFO Transition

Mandalay also announces today that Nick Dwyer will be leaving the Company in the first quarter of 2024 as a result of his decision to resign and relocate to Australia for personal reasons. Mr. Dwyer will continue to serve as Mandalay's CFO in a full-time capacity until then in order to ensure an orderly completion of the Company's 2023 year end reporting and a smooth transition of duties. The Company will be commencing a search for Mr. Dwyer's successor.

Commenting on Mr. Dwyer's departure, Frazer Bouchier said, "Nick has been a key part of Mandalay's management team for over eight years, including as CFO since 2018. He played a significant role in Mandalay's 2019 financing transaction that was crucial to the Company's turnaround that followed, and the refinancing of various senior credit arrangements while leading the finance function over his tenure. On behalf of Mandalay's board, management and shareholders, I'd like to thank Nick for his invaluable contributions and wish him every success in his future endeavours."

Conference Call

Analysts and interested investors may join by using the following dial-in number:

Participant Number (North America toll free):	1-877-270-2148
Conference ID:	10183607

Alternatively, please register for the webcast [here](#).

A replay of the conference call will be available until 11:59 PM (Toronto time), November 16, 2023, and can be accessed using the following dial-in numbers:

Encore Number (Canada Toll free):	855-669-9658
Encore Replay Code:	3729475

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 of reclamation provision and tailings dam amortization. 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 of reclamation provision and tailings dam amortization. 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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