Mandalay Resources Announces Financial Results for the Fourth Quarter and Full-Year 2023

TORONTO, ON, February 22, 2024 -- 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, 2023.

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

Fourth Quarter 2023 Highlights:

- Consolidated revenue up 22% as compared to the same period last year, reaching $50.6 million;
- Björkdal had its strongest quarter since Q1 2022, generating revenue of $22.1 million;
- Consolidated quarterly adjusted EBITDA[1] of $23.1 million, a 15% increase as compared to corresponding quarter last year;
- Consolidated cash cost[1] of $979 and all-in sustaining cost[1] of $1,296 per ounce of saleable gold equivalent production[1];
- Generated $14.9 million and $5.5 million in cash flow from operating activities and free cash flow[1], respectively; and
- Consolidated net income was $2.7 million ($0.03 or C$0.04 per share).

Full-Year 2023 Highlights:

- Ending cash position of $26.9 million of cash on hand, with a net cash[1] position of $3.3 million. As at the end of January 2024, cash position of $36.8 million, with an estimated net cash[1] position of $13.0 million;
- Generated consolidated revenue of $173.3 million;
- Generated $43.3 million cash flow from operating activities;
- Consolidated adjusted EBITDA[1] of $60.3 million;
- Consolidated cash cost[1] of $1,100 and all-in sustaining cost[1] of $1,497 per ounce of saleable gold equivalent production[1]; and
- Consolidated net income was $7.9 million ($0.08 or C$0.11 per share).

Frazer Bourchier, President, and CEO commented:

"Mandalay navigated a challenging year with resilience and adaptability. After a poor start in 2023 due to various operational issues mostly at Costerfield, our strong financial performance in the fourth quarter underscored the effectiveness of our various strategic initiatives and the increased

[1] Saleable gold equivalent production, adjusted EBITDA, free cash flow, net cash 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 section "Non-IFRS Measures", for further information.

operational and financial focus of our team. We maintained our efforts on disciplined capital allocation at our two mines, positioning the Company for improved future cash generation. During this year, Mandalay generated $173.3 million in revenue, leading to an adjusted EBITDA of $60.3 million – a solid margin of 35%.

"In 2023, both cash and all-in sustaining costs per ounce increased compared to the previous year, primarily attributed to reduced gold equivalent production and Mandalay's relatively high proportion of fixed costs. That being said, for the full year, our consolidated cash cost per ounce of saleable gold equivalent produced was $1,100, while the all-in sustaining cost was $1,497."

Nick Dwyer, CFO commented:

"As at the end of Q4 2023, the Company maintained a healthy financial position, concluding with $26.9 million in available cash on hand and a net cash position of $3.3 million. It's important to highlight that year-end cash and net cash positions were adversely affected by an unusual delay in receipts resulting from concentrate shipment delays, which were eventually received soon after the quarter. As of the end of January 2024, our cash balance has risen to approximately $36.8 million.

"Costerfield delivered a robust financial quarter, achieving $28.5 million in revenue and generating $17.0 million in adjusted EBITDA. This impressive margin was facilitated by processed grades of 13.1 g/t gold and 2.1% antimony. In support of our organic growth initiatives, we spent $8 million in exploration expenditures at this site during the year.

"Björkdal continued with its consistent quarter-over-quarter performance, recording $22.1 million in revenue, marking a significant 42% increase generated during the corresponding period last year. The upswing was largely credited to elevated gold grades, particularly from the Eastern Extension zone. The operation remains committed to prioritizing the mining of higher-grade gold areas of this extensive gold system."

Mr. Bourchier concluded: "We are pleased to close the year on a positive note and aim to sustain this momentum as we work towards fulfilling our long-term growth and value creation goals. In 2024, our commitment remains steadfast in delivering sustainable growth and value for our shareholders, all while prioritizing safety, environmental responsibility, and community engagement. Concurrently, we continue the focus of strengthening our balance sheet."

Fourth Quarter and Full-Year 2023 Financial Summary

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

	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
	$'000	**$'000**	**$'000**	**$'000**
Revenue	50,588	41,381	173,344	191,699
Cost of sales	25,836	19,972	105,923	94,904
Adjusted EBITDA (1)	23,071	20,137	60,328	91,179
Income from mine ops before depreciation and depletion (1)	24,752	21,409	67,421	96,795
Adjusted net income (1)	9,653	5,202	10,596	26,971
Consolidated net income	2,715	1,043	7,861	23,506
Capital expenditure	9,512	11,028	42,401	40,686
Total assets	295,248	282,224	295,248	282,224
Total liabilities	98,316	98,070	98,316	98,070
Adjusted net income per share (1)	0.10	0.06	0.11	0.29
Consolidated net income per share	0.03	0.01	0.08	0.26

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 2023, Mandalay generated consolidated revenue of $50.6 million, 22% higher than the fourth quarter of 2022. The increase in revenue was due to higher gold equivalent ounces produced and therefore sold at Björkdal. Another contributing factor to the increased revenue was the higher realized gold prices during the quarter at $1,965 per ounce compared to $1,706 per ounce in Q4 2022. In Q4 2023, Mandalay sold 1,379 more gold equivalent ounces than in Q4 2022.

Consolidated cash cost per ounce of $979 was higher in the fourth quarter of 2023 compared to $909 in the fourth quarter of 2022. The increase in cash cost was due to an increase in mining costs mainly due to additional contractor miners being used, primarily at Björkdal for production drilling. Cost of sales including change in inventory during the fourth quarter of 2023 versus the fourth quarter of 2022 were $3.6 million higher at Costerfield and $2.3 million higher at Björkdal. Consolidated general and administrative costs were $0.4 million higher compared to the fourth quarter of 2022.

Mandalay generated adjusted EBITDA of $23.1 million in the fourth quarter of 2023, 15% higher than adjusted EBITDA in the fourth quarter of 2022. The increase in adjusted EBITDA was due to higher revenue in the current quarter. Adjusted net income was $9.7 million in the fourth quarter of 2023, which excludes a $0.3 million unrealized loss on financial instruments, $6.5 million of revision of reclamation liability and $0.2 million of write down of assets, compared to an adjusted net income of $5.2 million in the fourth quarter of 2022.

Consolidated net income was $2.7 million for the fourth quarter of 2023, versus $1.0 million in the fourth quarter of 2022. Mandalay ended the fourth quarter of 2023 with $26.9 million in cash and cash equivalents.

Fourth Quarter and Full-Year 2023 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, 2023, and 2022:

	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
	$'000	$'000	$'000	$'000
Costerfield				
Gold produced (oz)	13,016	12,085	36,057	47,887
Antimony produced (t)	404	504	1,860	2,292
Gold equivalent produced (oz)	15,383	15,427	47,661	64,659
Cash cost (1) per oz gold eq. produced ($)	738	608	876	624
All-in sustaining cost (1) per oz gold eq. produced ($)	920	800	1,120	830
Capital development	368	678	3,159	3,521
Property, plant and equipment purchases	1,904	1,584	4,531	6,697
Capitalized exploration	1,925	1,747	8,006	6,421
Björkdal				
Gold produced (oz)	11,558	10,256	42,148	41,247
Cash cost (1) per oz gold produced ($)	1,299	1,362	1,354	1,321
All-in sustaining cost (1,3) per oz gold produced ($)	1,664	1,810	1,749	1,692
Capital development	2,453	2,570	8,982	8,748
Property, plant and equipment purchases	2,244	3,335	13,766	11,100
Capitalized exploration	618	1,114	3,891	3,885
Consolidated				
Gold equivalent produced (oz)	26,941	25,683	89,809	105,906
Cash cost (1) per oz gold eq. produced ($)	979	909	1,100	896
All-in sustaining cost (1,3) per oz gold eq. produced ($)	1,296	1,260	1,497	1,221
Capital development	2,821	3,248	12,141	12,269
Property, plant and equipment purchases	4,148	4,919	18,297	17,797
Capitalized exploration (2)	2,543	2,861	11,963	10,620

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 in the current year includes tailings dam amortization, accordingly the 2022 comparative figures have been updated.

Costerfield gold-antimony mine, Victoria, Australia

Costerfield produced 13,016 ounces of gold and 404 tonnes of antimony for 15,383 gold equivalent ounces in the fourth quarter of 2023. Cash and all-in sustaining costs at Costerfield of $738/oz and $920/oz, respectively, compared to cash and all-in sustaining costs of $608/oz and $800/oz, respectively, in the fourth quarter of 2022.

During Q4 2023, Costerfield generated $28.5 million in revenue and $17.0 million in adjusted EBITDA, which resulted in net income of $9.3 million. Head grades during Q4 2023, which averaged 13.1 g/t gold and 2.1% antimony. Compared to previous quarters of 2023, Costerfield's gold equivalent production increased significantly, primarily due to higher underground mined gold grades during the quarter. Additionally, the issues leading to lower milled tonnes stemming from processing transitional Youle to Shepherd ore have largely been addressed with planned capital improvements to aid consistency of throughput.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 11,558 ounces of gold in the fourth quarter of 2023. Cash and all-in sustaining costs at Björkdal were $1,299/oz and $1,664/oz, respectively, compared to cash and all-in sustaining costs of $1,362/oz and $1,810/oz, respectively, in the fourth quarter of 2022.

Björkdal continues to show improvement in production and sales figures. During Q4 2023, Björkdal generated $22.1 million in revenue and $7.5 million in adjusted EBITDA, which resulted in net income of $3.5 million. The production of 11,558 ounces was higher than the 10,256 ounces produced in the fourth quarter of 2022 primarily due to higher processed grades, mainly coming from the Eastern Extension zone.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was less than $0.1 million during the fourth quarter of 2023, which was same as in the fourth quarter of 2022. Reclamation spending at Lupin was $0.8 million during 2023 compared to $7.4 million in 2022. While ongoing reclamation activities will ramp back up in 2024 as compared with 2023, the majority of the remaining reclamation work is expected during 2025. Lupin is currently in the process of final closure and reclamation activities, which are partly 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 Q4 2023.

Normal Course Issuer Bid (“NCIB”)

On February 15, 2024, the Company sought the approval of the Toronto Stock Exchange to make a normal course issuer bid (“NCIB”) for up to 5% of its outstanding common shares.

Mandalay 2024 Guidance Reminder:

Mandalay reiterates its full year production and cost guidance as shared on January 16, 2024 as in below table:

	2024E
Björkdal	
Gold produced (oz)	43,000 – 47,000
Cash cost[(1)] per oz gold produced	$1,270 – $1,390
All-in sustaining cost[(1)] per oz gold produced	$1,690 – $1,850
Capital expenditures	$20M – $24M
Costerfield	
Gold produced (oz)	41,000 – 44,000
Antimony produced (t)	1,100 – 1,500
Gold equivalent produced[(2)] (oz)	47,000 – 53,000
Cash cost[(1)] per oz gold eq. produced	$850 – $970
All-in sustaining cost[(1)] per oz gold eq. produced	$1,080 – $1,260
Capital expenditures	$21M – $25M
Consolidated	
Gold equivalent produced[(2)] (oz)	90,000 – 100,000
Average cash cost[(1)] per oz gold eq.	$1,050 – $1,170
Average all-in sustaining cost[(1)] [(3)] per oz gold eq.	$1,450 – $1,580
Capital expenditures	$41M – $49M

1. Cash cost and all-in sustaining costs are non-IFRS measures. See "Non-IFRS Measures" at the end of this press release
2. Assumes average metal prices of: Au $1,900/oz, Sb $11,000/t
3. Consolidated all-in sustaining costs per Au Eq. oz includes corporate overhead spending.

This guidance was based on:

- Foreign exchange assumptions:
  - Average 2023 rates: AUD/USD 0.665 and USD/SEK 10.61; and
  - Guidance 2024 rates: AUD/USD 0.670 and USD/SEK 10.30
- Capital expenditures at Costerfield to be carried out at the tailings storage facilities of $4 – $6 million.
- Capitalized exploration expenditures of:
  - Costerfield: $9 – $11 million; and
  - Björkdal: $3 – $4 million.

Conference Call

A conference call with Frazer Bourchier, President and Chief Executive Officer of Mandalay, for investors and analysts on February 23, 2024, at 8:00 AM (Toronto time). Interested investors may join by using the following dial-in number:

Participant Number (North America toll free):	1-888-664-6383
Conference ID:	67249025

Alternatively, please register for the webcast here.

A replay of the conference call will be available until 11:59 PM (Toronto time), March 01, 2024, and can be accessed using the following dial-in numbers:

Encore Number (Canada Toll free):	1-888-390-0541
Encore Replay Code:	249025

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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