



Mandalay Resources Corporation Announces Production and Sales Results for the Fourth Quarter and Full-Year 2019, Provides Production and Cost Guidance for 2020

TORONTO, ON, January 16, 2020 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) announced today its production and sales results for the fourth quarter and full-year 2019.

In the fourth quarter of 2019, Mandalay produced a consolidated 18,594 saleable ounces of gold equivalent and sold 16,228 ounces of gold equivalent. For the full-year ended December 31, 2019, Mandalay produced 76,659 saleable ounces of gold equivalent and sold 77,043 ounces of gold equivalent.

Dominic Duffy, President and Chief Executive Officer of Mandalay, commented, "Mandalay's consolidated full-year 2019 production met the revised guidance as announced in October 2019, for gold, antimony and gold equivalent ounces. The fourth quarter saw Björkdal maintain its steady performance with production of 10,990 ounces of saleable gold and 51,498 ounces of saleable gold for the full-year, an approximate 12% increase year-over-year. At Costerfield, results were encouraging with production from Youle positively impacting fourth quarter operations and – more importantly – confirming its potential for the upcoming years."

Mr. Duffy continued, "At Björkdal, in the fourth quarter we were able to mine and process some of the higher-grade skarn zone material, after infill drilling was carried out during the third quarter. Aurora continued as planned with five levels now in development and the first stope in Aurora initiated in the final weeks of the year. The operation is well situated for the planned underground ramp-up and increased ore contribution from the Aurora zone to the mill during 2020."

Mr. Duffy continued, "During the fourth quarter of 2019, Costerfield produced 4,749 ounces of saleable gold and 684 tonnes of saleable antimony, or 7,604 ounces of gold equivalent. The improved results are due to production from the high-grade Youle vein. Even though Youle tonnage was not significant during the quarter, the higher-grades from Youle provided a substantial boost to production. Youle production continued to increase throughout the quarter, leading to December production of 2,018 ounces of gold and 237 tonnes of antimony, the highest production levels achieved for gold and antimony since March 2018, and December 2017, respectively. We will continue to mine the Brunswick vein for the first six months of 2020, however, we anticipate Youle's growing influence will lift metal production going into 2020."

Mr. Duffy concluded, "2019 was a challenging year for Mandalay's Costerfield operation as the site's production was severely impacted by excess dilution and poor recoveries from the Brunswick vein. As a multi-mine Company, we were able to remain resilient and push onwards and resolve these challenges. I am proud of the teams' hard work and dedication to put the Company into a very good position going into 2020, which is reflected in the guidance figures. 2020 is a transitional year for Mandalay as we expect to see continual growth from Costerfield, setting the Company up for anticipated higher production figures in 2021."

Saleable Production For The Quarter Ended December 31, 2019:

- In the fourth quarter of 2019, the Company produced a total of 15,739 ounces of gold and 684 tonnes of antimony, representing a total of 18,594 ounces of gold equivalent, versus 15,430 ounces of gold and 561 tonnes of antimony in the fourth quarter of 2018, representing a total of 19,173 ounces of gold equivalent.
- Production at Björkdal was 10,990 ounces of gold in the fourth quarter of 2019, as compared to 10,482 ounces of gold in the fourth quarter of 2018.
- Production at Costerfield was 4,749 ounces of gold and 684 tonnes of antimony in the fourth quarter of 2019, versus 4,948 ounces gold and 561 tonnes antimony in the fourth quarter of 2018.

Saleable Production For The Year Ended December 31, 2019:

- In 2019, the Company produced a total of 66,756 ounces gold and 2,032 tonnes antimony, representing a total of 76,659 ounces of gold equivalent production; versus 67,329 ounces gold and 2,173 tonnes of antimony, representing a total of 81,568 ounces of gold equivalent in 2018.
- Production at Björkdal was 51,498 ounces gold.
- Production at Costerfield was 15,258 ounces gold and 2,032 tonnes antimony.

Table 1 – Fourth Quarter and Full-Year Saleable Production for 2019 and 2018

Metal	Source	Three months ended December 31 2019	Three months ended December 31 2018	Year ended December 31 2019	Year ended December 31 2018
Gold (oz)	Björkdal	10,990	10,482	51,498	45,719
	Costerfield	4,749	4,948	15,258	21,610
	Total	15,739	15,430	66,756	67,329
Antimony (t)	Costerfield	684	561	2,032	2,173
Average quarterly prices:					
Gold US\$/oz		1,482	1,229		
Antimony US\$/t		6,187	8,204		
Au Eq. (oz) ⁽¹⁾	Björkdal	10,990	10,482	51,498	45,719
	Costerfield	7,604	8,691	25,161	35,849
	Total	18,594	19,173	76,659	81,568

1. Quarterly gold equivalent ounces ("Au Eq. oz") produced is calculated by multiplying the saleable quantities of gold ("Au"), and antimony ("Sb") in the period by the respective average market prices of the commodities in the period, adding the two amounts to get a "total contained value based on market price", and then dividing that total contained value by the average market price of Au in the period. Average Au price in the period is calculated as the average of the daily LME PM fixes in the period, with price on weekend days and holidays taken of the last business day; average Sb price in the period is calculated as the average of the daily average of the high and low Rotterdam warehouse prices for all days in the period, with price on weekend days and holidays taken from the last business day. The source for all prices is www.metalbulletin.com.

Sales For The Fourth Quarter Ended December 31, 2019:

- In the fourth quarter of 2019, the Company sold a total of 13,452 ounces of gold and 665 tonnes of antimony, representing a total of 16,228 ounces of gold equivalent, versus 14,514 ounces of gold and 582 tonnes of antimony in the fourth quarter of 2018, representing a total of 18,399 ounces of gold equivalent.
- Björkdal sold 9,120 ounces of gold in the fourth quarter of 2019, versus 9,557 ounces of gold in the fourth quarter of 2018.
- Costerfield sold 4,332 ounces of gold and 665 tonnes of antimony in the fourth quarter of 2019, versus 4,957 ounces of gold and 582 tonnes of antimony in the fourth quarter of 2018.

Sales For The Year Ended December 31, 2019:

- The Company sold 67,202 ounces gold and 2,026 tonnes antimony, representing a total of 77,043 ounces of gold equivalent, versus 72,962 ounces gold and 2,307 tonnes antimony in the fourth quarter of 2018, representing a total of 88,049 ounces of gold equivalent.
- Björkdal sold 52,280 ounces gold.
- Costerfield sold 14,922 ounces gold and 2,026 tonnes antimony.

Table 2 – Fourth Quarter and Full-Year Sales for 2019 and 2018

Metal	Source	Three months ended December 31 2019	Three months ended December 31 2018	Year ended December 31 2019	Year ended December 31 2018
Gold (oz)	Björkdal	9,120	9,557	52,280	50,062
	Costerfield	4,332	4,957	14,922	22,900
	Total	13,452	14,514	67,202	72,962
Antimony (t)	Costerfield	665	582	2,026	2,307
Average quarterly prices:					
Gold US\$/oz		1,482	1,229		
Antimony US\$/t		6,187	8,204		
Au Eq. (oz) ¹	Björkdal	9,120	9,557	52,280	50,062
	Costerfield	7,108	8,842	24,763	37,987
	Total	16,228	18,399	77,043	88,049

1. Quarterly Au Eq. oz sold is calculated by multiplying the saleable quantities of Au, and Sb in the period by the respective average market prices of the commodities in the period, adding the two amounts to get a "total contained value based on market price", and then dividing that total contained value by the average market price of Au for the period. The source for all prices is www.metalbulletin.com with price on weekend days and holidays taken of the last business day.

Mandalay 2020 Guidance:

Table 3 – Production and Cost Guidance For 2020

	2020E
Björkdal	
Gold produced (oz)	51,000 – 57,000
Cash cost ⁽¹⁾ per oz gold produced	\$750 – \$900
All-in cost ⁽¹⁾ per oz gold produced	\$1,085 – \$1,235
Capital expenditures	\$22M – \$27M
Costerfield	
Gold produced (oz)	32,000 – 38,000
Antimony produced (t)	3,000 – 3,500
Gold equivalent ⁽²⁾ (oz)	44,000 – 52,000
Cash cost ⁽¹⁾ per oz gold eq. produced	\$725 – \$875
All-in cost ⁽¹⁾ per oz gold eq. produced	\$1,175 – \$1,325
Capital expenditures	\$17M – \$21M
Consolidated	
Gold equivalent ⁽²⁾ produced (oz)	95,000 – 109,000
Average cash cost ⁽³⁾ per oz gold eq.	\$765 – \$915
Average all-in cost ⁽³⁾ per oz gold eq.	\$1,195 – \$1,345
Capital expenditures	\$39M – \$48M

1. Cash cost and all-in cost are non-IFRS measures. See “Non-IFRS Measures” at the end of this press release

2. Assumes December 2019 average metal prices of: Au \$1,478/oz, Sb \$5,931/t

3. Consolidated costs per Au Eq. oz includes corporate overhead spending and total care and maintenance costs at Cerro Bayo

Mandalay’s 2020 production guidance is based on:

- Björkdal: Steady ramp-up from the Aurora zone as more levels are developed and stoping is increased.
- Björkdal Capital: High capital for 2020 due to \$8M being spent on the Tailings Storage Facility capacity increase, to allow for 8 years of tailings capacity.
- Costerfield: High-grade Youle vein continuing to ramp-up production through 2020.
- Costerfield Capital: In line with 2019 spending, with the major component being capital development spending.

For Further Information:

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About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia and Sweden, and care and maintenance and development projects in Chile. The Company is focused on growing production at its gold and antimony operation in Australia, and gold production from its operation in Sweden to generate near-term cash flow.

Forward-Looking Statements:

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the Company's production of gold and antimony for the 2019 fiscal year. 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 28, 2019, 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 adjusted EBITDA, adjusted net income, cash cost per saleable ounce of gold equivalent produced, cash cost per saleable ounce of silver produced net of gold credits, site all-in cost per saleable ounce of gold equivalent produced, site all-in cost per saleable ounce of silver produced net of gold credits and, all-in costs, 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 as a measure 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. A reconciliation between adjusted EBITDA and net income will be included in the MD&A.

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 costs include total cash operating costs, royalty expense, accretion, depletion, depreciation and amortization. The site all-in cost is then divided by the saleable equivalent gold ounces produced to yield the site all-in cost per saleable equivalent ounce produced.

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. The site all-in cost is then divided by the saleable gold ounces produced to yield the site all-in cost per saleable gold ounce produced

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 plus corporate overhead spending.