MANDALAY RESOURCES CORPORATION ANNOUNCES FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2020

TORONTO, ON, May 13, 2020 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) today announced its financial results for the quarter ended March 31, 2020.

The Company's condensed and consolidated interim financial results for the quarter ended March 31, 2020, 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.

For the first quarter of 2020, the Company generated revenue of $41.6 million, adjusted EBITDA of $20.9 million and an adjusted net income of $5.2 million, or $0.06 per share.

Commenting on the results, Dominic Duffy, President and CEO of Mandalay, noted, "Mandalay generated excellent financial results, with an all-time record in quarterly adjusted EBITDA at Costerfield of $13.9 million, despite the unprecedented global impacts from COVID-19. Our excellent consolidated financial performance was the result of strong production at both of our mines coupled with higher realized gold prices and a 25% decline in cash cost per gold equivalent ounce produced to $846 as compared to the previous quarter result of $1,128. This improved performance led to a $0.06 adjusted net income per share for the quarter, the highest level since the second quarter of 2016, versus an adjusted net loss per share of $0.01 in the first quarter of 2019."

Mr. Duffy added, "At Costerfield, the first quarter of 2020 saw significant improvements in processed grades as production from the Youle vein increased, averaging 12.6 g/t gold and 5.5% antimony over the quarter. This, together with higher realized gold prices, resulted in record quarterly revenue of $20.4 million, a 96% improvement relative to the previous quarter, and an adjusted EBITDA margin of 68% during the quarter, a significant increase over an adjusted EBITDA margin of 29% during the fourth quarter of 2019. We are encouraged by the high grades encountered at Youle to date, which confirm our expectation that the Youle vein will serve as a catalyst for substantial improvement at Costerfield."

Mr. Duffy continued, "Björkdal continued to deliver steady production and sales, leading to $21.2 million in revenue and $8.8 million in adjusted EBITDA for the first quarter of 2020. The increase in revenue was aided by the higher realized gold prices. We expect production improvements in the coming months as underground tonnages lift in the higher-grade Aurora zone. Considerable strides have been made at site in reducing overall costs as reflected by an increase in adjusted EBITDA margin of 45% for the quarter as compared to 22% in the fourth quarter of 2019."

Mr. Duffy added, "Adding to the strong financial performance from our sites, we successfully restructured our corporate debt by entering into a new syndicated credit facility with HSBC and Macquarie and retiring the remaining Gold Bonds, the last of which were exchanged subsequent to our March 17, 2020 press release announcing the new credit facility. The new syndicated credit facility consolidates our debt position and removes the short-term risk associated with the Gold Bonds, which were exchangeable at any time. These transactions strengthen our balance sheet and removes the uncertainty associated with our previous debt arrangements."

Mr. Duffy added, "Commencing in the first quarter of 2020 and continuing for subsequent quarters, we will be reporting on all-in sustaining costs ("AISC") instead of all-in costs to better align costs disclosure with industry standards. AISC were calculated in accordance with guidance issued by the World Gold Council. As set out in further detail later in this press release, our AISC guidance for 2020 is $1,090 – $1,360 per gold equivalent ounce produced, and our consolidated AISC for the first quarter of 2020 result was $1,191."

Mr. Duffy concluded, "This quarter was defined by strong operating and financial performance as the Company ended the quarter with a cash balance of $21.5 million. We are excited to return to operating profitability after a period of transition and are eager to demonstrate continued success in growing organically and operating efficiently."

First Quarter 2020 Financial Summary

The following table summarizes the Company's financial results for the three months ended March 31, 2020; December 31, 2019 and March 31, 2019:

	Three months ended March 31, 2020	**Three months ended December 31, 2019**	**Three months ended March 31, 2019**
	$'000	**$'000**	**$'000**
Revenue	41,566	22,737	29,916
Cost of sales	18,832	17,034	23,393
Adjusted EBITDA (1)	20,903	4,732	5,247
Income from mine ops before depreciation, depletion	22,734	5,703	6,523
Adjusted net income (loss) (1)	5,186	(4,224)	(459)
Consolidated net loss	(4,532)	(5,328)	(1,334)
Capital expenditure	10,036	10,225	7,412
Total assets	251,066	258,592	266,233
Total liabilities	154,280	146,840	136,643
Adjusted net income (loss) per share (1)	0.06	(0.05)	(0.01)
Consolidated net loss per share (2)	(0.05)	(0.07)	(0.03)

[1]Adjusted EBITDA, adjusted net income (loss) before special items and adjusted net income (loss) per share are non-IFRS measures, defined at the end of this press release "Non-IFRS Measures".
[2]As a result of share consolidation on July 2, 2019, the Company has restated its number of common shares and the income (loss) per share for all periods presented.

In the first quarter of 2020, Mandalay sold 1,269 more gold equivalent ounces than in the first quarter of 2019. The Company's realized gold price increased by 24% as compared to the first quarter of 2019 and the realized price of antimony increased by 18%. The net effect is that Mandalay's revenue of $41.6 million in the first quarter of 2020 was 39% above the first quarter of 2019.

Cash cost per ounce of $846 decreased by 21% in the first quarter of 2020 compared to the prior year quarter, mainly due higher production and lower costs. Cost of sales during the first quarter of 2020 versus the first quarter of 2019 were $1.4 million lower at Costerfield and $3.2 million lower at Björkdal. Consolidated general and administrative costs were $0.6 million higher as compared to the prior year quarter.

Mandalay generated adjusted EBITDA of $20.9 million in the first quarter of 2020, versus adjusted EBITDA of $5.2 million in the first quarter of 2019. Adjusted net income was $5.2 million in the first quarter of 2020, which excludes the $9.1 million fair value loss related to the gold hedges associated with the Syndicated Facility, as well as $0.6 million in care and maintenance costs, versus an adjusted net loss of $0.5 million in the first quarter of 2019. Consolidated net loss was $4.5 million for the first quarter of 2020, versus a loss of $1.3 million in the first quarter of 2019.

Mandalay ended the first quarter of 2020 with $21.5 million in cash and cash equivalents.

First Quarter 2020 Operational Summary

The table below summarizes the Company's capital expenditures and operational unit costs for the three months ended March 31, 2020; December 31, 2019 and March 31, 2019:

		Three months ended March 31, 2020	**Three months ended December 31, 2019**	**Three months ended March 31, 2019**
		$'000	**$'000**	**$'000**
Björkdal				
	Gold produced (oz)	10,750	10,990	14,385
	Cash cost (1) per oz gold produced ($)	1,052	1,071	921
	All-in sustaining cost (1) per oz gold produced ($)	1,479	1,542	1,108
	Capital development	2,210	1,441	1,715
	Property, plant and equipment purchases	2,327	3,408	958
	Capitalized exploration	646	768	105
Costerfield				
	Gold produced (oz)	10,620	4,749	4,105
	Antimony produced (t)	1,108	684	575
	Gold equivalent produced (oz)	14,927	7,604	7,555
	Cash cost (1) per oz gold eq. produced ($)	577	1,083	1,081
	All-in sustaining cost (1) per oz gold eq. produced ($)	854	1,641	1,686
	Capital development	3,197	3,776	3,142
	Property, plant and equipment purchases	781	349	1,240
	Capitalized exploration	732	461	70
Consolidated				
	Gold equivalent produced (oz)	25,677	18,594	21,940
	Cash cost* per oz gold eq. produced ($)	846	1,128	1,072
	All-in sustaining cost (1) per oz gold eq. produced ($)	1,191	1,641	1,406
	Capital development	5,407	5,217	4,857
	Property, plant and equipment purchases	3,108	3,757	2,198

	Capitalized exploration (2)	1,521	1,251	357

[1]Cash cost and all-in sustaining cost are non-IFRS measures. See "Non-IFRS Measures" at the end of this press release.
[2]Includes capitalized exploration relating to other non-core assets.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 10,750 ounces of gold in the first quarter of 2020 with cash and all-in sustaining cost of $1,052/oz and $1,478/oz, respectively, compared to cash and all-in sustaining costs of $921/oz and $1,107/oz, respectively, in the first quarter of 2019.

Costerfield gold-antimony mine, Victoria, Australia

Costerfield produced 10,620 ounces of gold and 1,108 tonnes of antimony for 14,927 gold equivalent ounces in the first quarter of 2020. Due to the higher gold equivalent ounces produced, cash and all-in sustaining costs at Costerfield decreased to $577/oz and $844/oz, respectively, compared to cash and all-in sustaining costs of $1,081/oz and $1,669/oz, respectively, in the first quarter of 2019.

Cerro Bayo silver-gold mine, Patagonia, Chile

In first quarter of 2020, the Company spent $0.6 million on care and maintenance expenses at Cerro Bayo compared to $0.9 million in the first quarter of 2019. Cerro Bayo is currently subject to a binding option agreement between the Company and Equus Mining ("Equus") pursuant to which Equus has an option to acquire Cerro Bayo. For further information see the Company's October 8, 2019 press release.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was less than $0.1 million during the first quarter of 2020, which was the same in the first quarter of 2019. Reclamation spending at Lupin was $0.2 million during the first quarter of 2020 as compared to $0.7 million in the first quarter of 2019. In January, Lupin Mines Incorporated concluded its Public Hearing process for the Final Closure and Reclamation Plan ("FCRP") and this FCRP was subsequently approved on February 28, 2020.

Challacollo, Chile

No key developments occurred during the first quarter of 2020. For further information regarding the definitive agreement signed with Aftermath Silver for the sale of Challacollo, see the Company's November 12, 2019 press release.

La Quebrada, Chile

The La Quebrada copper-silver project in Chile remained held for sale throughout the period.

COVID-19

The coronavirus ("COVID-19") pandemic is present in all countries in which the Company operates, with cases being reported in Canada, Australia, Sweden and Chile. At this time, the Company has activated business continuity practices across all sites. Management will continue to monitor developments across all jurisdictions and will adjust its planning as necessary. More details are included in the press release dated March 20, 2020.

The Company currently expects this strong operating performance seen in the first quarter to continue, however, the COVID-19 pandemic creates uncertainties. At this time, the Company is maintaining its existing 2020 production guidance, however, will continue to closely monitor the situation in both Australia and Sweden and will make adjustments, if necessary.

Mandalay 2020 AISC Guidance

The table below restates the Company's all-in sustaining cost guidance for 2020. All-in sustaining costs replace the previously report all-in costs, as stated above:

	Björkdal	Costerfield	Consolidated (1)
All-in sustaining $/oz gold eq.(2)	1,110-1,340	1,010-1,220	1,090-1,360

1Consolidated cost guidance includes expected corporate overhead spending and care and maintenance costs
2All-in sustaining costs are non-IFRS performance measures. See "Non-IFRS Measures" at the end of this press release.

Conference Call

Mandalay's management will be hosting a conference call for investors and analysts on May 14, 2020 at 8:00 AM (Toronto time).

Analysts and interested investors are invited to participate using the following dial-in numbers:

Participant Number:	(201) 689-8341
Participant Number (Toll free):	(877) 407-8289
Conference ID:	13703470

A replay of the conference call will be available until 11:59 PM (Toronto time), May 28, 2020 and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number:	(877) 660-6853
Encore ID:	13703470

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 and AISC for the 2020 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 30, 2020, 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 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 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. 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.

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 sites the 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 sites the 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 plus corporate overhead spending. 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.