MANDALAY RESOURCES

MANDALAY RESOURCES CORPORATION ANNOUNCES FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2019

TORONTO, ON, November 4, 2019 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) today announced its financial results for the quarter ended September 30, 2019.

The Company's condensed consolidated interim financial results for the quarter ended September 30, 2019, 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 third quarter of 2019, the Company generated revenue of $28.8 million, adjusted EBITDA of $5.6 million and an adjusted consolidated net loss of $1.4 million, or $0.02 loss per share.

Commenting on the results, Dominic Duffy, President and CEO of Mandalay, noted, "Financial performance in the third quarter of 2019 continues to show the growth of the company, as we generated the highest adjusted EBITDA since the first quarter of 2018."

Mr. Duffy added, "The third quarter of 2019 was supported by Björkdal's steady performance. The site generated $21.7 million of revenue; a significant 81% improvement as compared to the same period last year. It also marks the strongest revenue achieved since the first quarter of 2018 and our highest net income after tax since acquiring Björkdal in 2014. This improvement in performance was driven by consistent tonnage from the underground mine, combined with effective cost controls and a strong gold price. Moreover, by pausing the operations at the open pit earlier in the quarter, we expect profit margins to further increase in the upcoming quarters."

Mr. Duffy added, "At Costerfield, financial performance continues to be severely affected by the excessive dilution and poor gold recoveries from the Brunswick lode. Similar to the first two quarters for 2019, Costerfield generated $7.1 million of revenue with Brunswick ore being the primary feed to the mill. Moving forward, we expect the grades to continue to grow in the coming quarters, in line with the ramp up of Youle production."

Mr. Duffy added, "By accelerating the production of the Youle lode at Costerfield, combined with targeting higher-grade skarn zones at Björkdal in the fourth quarter, we are well positioned to start delivering profits Company-wide."

Mr. Duffy concluded, "To assure adequate liquidity and provide financial flexibility for Mandalay, the Company is looking into long-term debt repositioning options. Currently, we are in discussions with a syndicate of lenders including HSBC Canada in respect of a potential new senior credit facility."

Third Quarter 2019 Financial Summary

The following table summarizes the Company's financial results for the three months and nine ended September 30, 2019 and 2018:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September30, 2018
	$'000	$'000	$'000	$'000
Revenue	28,798	21,765	85,058	89,457
Cost of sales	21,610	21,023	65,755	69,191
Adjusted EBITDA*	5,555	(582)	14,906	15,205
Income from mine ops before depreciation, depletion	7,188	742	19,303	20,266
Adjusted net loss before special items*	(961)	(6,242)	(5,346)	(9,048)
Consolidated net loss	(1,403)	(7,468)	(12,487)	(32,418)
Capital expenditure	(10,094)	(12,051)	(27,744)	(35,286)
Total assets	252,042	266,493	252,042	266,493
Total liabilities	139,494	139,488	139,494	139,488
Adjusted net loss per share*	(0.01)	(0.14)	(0.07)	(0.20)
Consolidated net loss per share**	(0.02)	(0.17)	(0.16)	(0.72)

*Adjusted EBITDA, adjusted net loss before special items and adjusted net loss per share are non-IFRS measures, defined at the end of this press release "Non-IFRS Measures".
**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 third quarter of 2019, Mandalay sold 636 fewer gold equivalent ounces than in the third quarter of 2018. The Company's realized gold price increased by 41% as compared to third quarter of 2018, while the realized price of antimony declined by 34%. The net effect is that Mandalay's revenue of $28.8 million in the third quarter of 2019 was $7.0 million higher than in the third quarter of 2018.

Cash cost per ounce of $1,277 increased by 3% in the third quarter of 2019 compared to the prior year quarter, mainly due to lower production at Costerfield. Cost of sales during the third quarter of 2019 versus the third quarter of 2018 were $0.3 million higher at Costerfield and $0.3 million higher at Björkdal. Consolidated general and administrative costs increased by $0.3 million across the Company.

Mandalay generated adjusted EBITDA of $5.6 million in the third quarter of 2019, versus negative adjusted EBITDA of $0.6 million in the third quarter of 2018. This led to a consolidated net loss of $1.4 million for the third quarter of 2019, versus a loss of $7.5 million in the third quarter of 2018.

Mandalay ended the third quarter with $23.2 million in cash and cash equivalents (including $15.0 million of restricted cash).

Third Quarter 2019 Operational Summary

The table below summarizes the Company's capital expenditures and operational unit costs for the three months ended September 30, 2019 and 2018:

		Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
		$'000	**$'000**	**$'000**	**$'000**
Björkdal					
	Gold produced (oz)	11,880	8,504	40,508	35,237
	Cash cost* per oz gold produced	941	1,304	891	1,058
	All-in cost* per oz gold produced	1,205	1,615	1,155	1,350
	Capital development	1,660	2,027	5,498	7,970
	Property, plant and equipment purchases	2,965	3,878	6,754	7,938
	Capitalized exploration	412	257	704	1,557
Costerfield					
	Gold produced (oz)	3,103	4,938	10,509	16,662
	Antimony produced (t)	402	505	1,348	1,613
	Gold equivalent produced (oz)	4,745	8,370	17,557	27,158
	Cash cost* per oz gold eq. produced	1,800	988	1,413	961
	All-in cost* per oz gold eq. produced	2,290	1,420	1,866	1,412
	Capital development	3,736	2,509	10,191	7,765
	Property, plant and equipment purchases	521	1,670	3,073	5,461
	Capitalized exploration	783	1,609	1,315	4,102
Consolidated					
	Gold equivalent produced (oz)	16,625	16,874	58,065	62,395
	Cash cost* per oz gold eq. produced	1,277	1,239	1,121	1,097
	All-in cost* per oz gold eq. produced	1,629	1,631	1,458	1,478
	Capital development	5,396	4,536	15,689	15,735
	Property, plant and equipment purchases	3,486	5,548	9,827	13,399
	Capitalized exploration**	1,212	1,967	2,228	6,152

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

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 11,880 ounces of gold in the third quarter of 2019 with cash and all-in costs of $941/oz and $1,205/oz, respectively, compared to cash and all-in costs of $1,304/oz and $1,615/oz, respectively, in the third quarter of 2018.

Costerfield gold-antimony mine, Victoria, Australia

Costerfield produced 3,104 ounces of gold and 402 tonnes of antimony for 4,745 gold equivalent ounces in the third quarter of 2019. Due to the lower gold equivalent ounces produced, cash and all-in costs at Costerfield rose to $1,800/oz and $2,290/oz, respectively, compared to cash and all-in costs of $988/oz and $1,420/oz, respectively, in the third quarter of 2018.

Cerro Bayo silver-gold mine, Patagonia, Chile

On October 8, 2019, the Company entered into a binding option agreement with Equus Mining ("Equus") for the sale of the Cerro Bayo mine in Chile. The signing of this agreement had no impact on the carrying value of the Cerro Bayo mine as at September 30, 2019.

No production occurred at Cerro Bayo during 2019 and it remained on care and maintenance through the period. In third quarter of 2019, the Company spent $0.4 million on care and maintenance expenses at Cerro Bayo compared to $1.2 million in the third quarter of 2018.

Lupin and Ulu, Canada

Care and maintenance spending at Lupin and Ulu was less than $0.1 million during the three and nine months ending September 30, 2019, approximately equivalent to the prior year periods. Reclamation spending at Lupin and care and maintenance at Ulu was $0.8 million during the third quarter of 2019 compared to $1.7 million in third quarter of 2018. For the nine months ending September 30, 2019, reclamation spending was $1.7 million compared to $2.8 million in the prior year period.

Challacollo, Chile

On August 1, 2018, the Company announced that it had entered into a non-binding letter of intent with Aftermath Silver Ltd., pursuant to which Aftermath Silver would acquire Minera Mandalay Challacollo Limitada, a wholly-owned subsidiary of the Company which owns the Challacollo project. The Company currently expects total consideration of up to CAD$10.0 million from this sale, including consideration of up to CAD$3.0 million from a net smelter returns royalty to be granted to the Company over production from the project.

In addition, on November 28, 2018 the Company signed a binding agreement with a third party for the acquisition of certain easement properties which comprise part of the Challacollo property. This agreement was amended and signed on July 20, 2019. Total consideration is expected to be $2.0 million, which is net of payments due to the holders of royalties and other encumbrances on these concessions.

La Quebrada, Chile

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

Conference Call

Mandalay's management will be hosting a conference call for investors and analysts on November 5, 2019 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:	13696066

A replay of the conference call will be available until 11:59 PM (Toronto time), November 19, 2019 and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number:	(877) 660-6853
Encore ID:	13696066

<u>For Further Information:</u>

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<u>About Mandalay Resources Corporation:</u>

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.

<u>Forward-Looking Statements</u>

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements regarding guidance as to anticipated gold, and antimony production and production costs in the future. 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 and Mandalay's prospectus supplement dated February 12, 2019, copies of which are 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.