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

TORONTO, ON, August 7, 2019 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJD) today announced its financial results for the quarter ended June 30, 2019.

The Company's condensed consolidated interim financial results for the quarter ended June 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 second quarter of 2019, the Company generated revenue of $26.3 million, adjusted EBITDA of $4.1 million and an adjusted net loss before special items of $3.9 million, or $0.04 loss per share.

Commenting on the results, Dominic Duffy, President and CEO of Mandalay, noted, "Financial performance in the second quarter of 2019 was solid, as Björkdal continued its operational optimization and improvement, while Costerfield maintained its operational focus on extending development to reach Youle in order to bring the higher-grade ore online as soon as possible."

Mr. Duffy added, "At Björkdal, $19.1 million of revenue was generated, in line with the amount in the first quarter of 2019, and marks the second highest revenue achieved during the past five quarters. Moreover, net income at Björkdal was the highest since the fourth quarter of 2017. This improved performance is due to the underground's consistent delivery of tonnage to the mill and also the mining of higher-grade skarn material. As a direct result of these operational improvements and cost controls over the quarter, cash costs were $818 per ounce, its second successive quarterly decline and lowest in the past six quarters. We expect to see further cost reductions over the remainder of 2019 as a result of the pause in open pit operations commencing from the end of July."

Mr. Duffy added, "At Costerfield, gold equivalent production was lower than the previous quarter as the grade mined in the current quarter was lower due to additional dilution stemming from poor ground conditions in the Brunswick lode. Measures are being put in place to minimize the amount of additional dilution to improve grade through the plant and to improve recoveries. We continue to expect an increase in production later in 2019 once we are mining the higher-grade Youle lode."

Mr. Duffy concluded, "With the Company expecting to reach the Youle lode at Costerfield in the coming months, along with $25.7 million in cash at the end of the second quarter, the Company has the financial flexibility to continue with the exciting exploration programs at each producing site, setting the Company up for future profitability and growth."

Second Quarter 2019 Financial Summary

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

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
	$'000	$'000	$'000	$'000
Revenue	26,344	27,944	56,260	67,692
Cost of sales	20,751	22,348	44,145	48,168
Adjusted EBITDA*	4,105	3,651	9,352	15,786
Income from mine ops before depreciation, depletion	5,593	5,596	12,115	19,524
Adjusted net loss before special items*	(3,926)	(3,743)	(4,385)	(2,806)
Consolidated net loss	(9,750)	(23,711)	(11,085)	(24,950)
Capital expenditure	(10,238)	(11,943)	(17,650)	(23,236)
Total assets	255,505	259,461	255,505	259,461
Total liabilities	135,609	124,309	135,609	124,309
Adjusted net loss per share*	(0.04)	(0.08)	(0.06)	(0.06)
Consolidated net loss per share**	(0.11)	(0.53)	(0.16)	(0.55)

*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 second quarter of 2019, Mandalay sold 2,057 fewer gold equivalent ounces than in the second quarter of 2018. The Company's realized gold price increased by 3% quarter-over-quarter, while the realized price of antimony declined by 18%. The net effect is that Mandalay's revenue of $26.3 million in the second quarter of 2019 was $1.6 million lower than in the second quarter of 2018.

Cash cost per ounce of $1,130 increased by 10% in the second quarter of 2019 compared to the prior year quarter, mainly due to lower production at Costerfield. Cost of sales during the second quarter of 2019 versus the second quarter of 2018 were $1.5 million lower at Costerfield and $0.1 million lower at Björkdal. Consolidated general and administrative costs decreased by $0.5 million across the Company.

Mandalay generated adjusted EBITDA of $4.1 million in the second quarter of 2019, versus adjusted EBITDA of $3.7 million in the second quarter of 2018. This led to a consolidated net loss of $9.8 million for the second quarter of 2019, versus a loss of $23.7 million in the second quarter of 2018. The consolidated net loss in the current quarter includes a $5.0 million write down of the carrying value of the Lupin and Ulu mines, detailed within the "*Lupin and Ulu, Canada*" section below.

Mandalay ended the second quarter with $25.7 million in cash and cash equivalents (including $15.0 million of restricted cash).

Second Quarter 2019 Operational Summary

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

		Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
		$'000	$'000	$'000	$'000
Björkdal					
	Gold produced (oz)	14,243	14,017	28,628	26,734
	Cash cost* per oz gold produced	818	876	870	980
	All-in cost* per oz gold produced	1,067	1,155	1,135	1,265
	Capital development	2,110	3,009	3,838	5,943
	Property, plant and equipment purchases	2,842	1,085	3,788	4,060
	Capitalized exploration	189	994	294	1,300
Costerfield					
	Gold produced (oz)	3,301	5,137	7,406	11,724
	Antimony produced (t)	371	503	946	1,108
	Gold equivalent produced (oz)	5,257	8,331	12,812	18,787
	Cash cost* per oz gold eq. produced	1,541	1,049	1,270	949
	All-in cost* per oz gold eq. produced	2,020	1,512	1,709	1,408
	Capital development	3,314	3,140	6,455	5,256
	Property, plant and equipment purchases	1,312	2,157	2,552	3,791
	Capitalized exploration	459	1,423	529	2,493
Consolidated					
	Gold equivalent produced (oz)	19,500	22,348	41,440	45,520
	Cash cost* per oz gold eq. produced	1,130	1,028	1,099	1,044
	All-in cost* per oz gold eq. produced	1,452	1,405	1,431	1,434
	Capital development	5,424	6,149	10,293	11,199
	Property, plant and equipment purchases	4,154	3,242	6,340	7,851
	Capitalized exploration**	660	2,552	1,016	4,186

*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, Sweden

Björkdal produced 14,243 ounces of gold in the second quarter of 2019 with cash and all-in costs of $818/oz and $1,067/oz, respectively, compared to cash and all-in costs of $876/oz and $1,155/oz, respectively, in the second quarter of 2018.

Costerfield gold-antimony mine, Victoria, Australia

Costerfield produced 3,301 ounces of gold and 371 tonnes of antimony for 5,257 gold equivalent ounces in the second quarter of 2019. Due to the lower gold equivalent ounces produced, cash and all-in costs at Costerfield rose to $1,541/oz and $2,020/oz, respectively, compared to cash and all-in costs of $1,049/oz and $1,512/oz, respectively, in the second quarter of 2018.

Cerro Bayo silver-gold mine, Patagonia, Chile

On June 26, 2019, the Company entered into a non-binding heads of agreement with Equus Mining 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 June 30, 2019.

No production occurred at Cerro Bayo in the second quarter of 2019 and it remained on care and maintenance through the period. In second quarter of 2019, the Company spent $0.8 million on care and maintenance expenses at Cerro Bayo compared to $1.4 million in the second quarter of 2018.

Lupin and Ulu, Canada

Care and maintenance spending at Lupin and Ulu was less than $0.1 million during both the three and six months ending June 2019, approximately equivalent to the prior year periods. Reclamation spending at Lupin and Ulu was $0.2 million during the second quarter of 2019 compared to $0.9 million in second quarter of 2018. For the six months ending June 30, 2019, reclamation spending was $0.9 million compared to $1.2 million in the prior year period.

The Company identified an indicator of impairment for the Ulu property due to the signing of an amended option agreement for the property. As a result of this amendment, a write down of $1.0 million was recognized in the income statement for the three months ended June 30, 2019.

Also related to this exercise, the Company identified an indicator of impairment for the Lupin mine, which is located near the Ulu property. The Company has valued the asset at fair value less costs to dispose. As a result of this, a write down of $4.0 million was recognized in the Company's income statement for the three months ended June 30, 2019.

On December 21, 2018, the Nunavut Water Board reached a decision to recommend that the Letter of Credit that has been posted by Mandalay as security for its reclamation obligations in respect of the Lupin mine be reduced by CAD$3.2 million. On January 28, 2019, this recommendation was approved by the Minister of Indigenous and Northern Affairs and the Company received these funds on April 18, 2019.

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 CAD$10.5 million from this sale.

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 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 August 8, 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:	13693286

A replay of the conference call will be available until 11:59 PM (Toronto time), August 22, 2019 and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number:	(877) 660-6853
Encore ID:	13693286

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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 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.