



MANDALAY RESOURCES CORPORATION ANNOUNCES SIGNIFICANT GRADES AND DEPTH EXTENSION TO THE LAKE ZONE VEINING OF THE BJÖRKDAL DEPOSIT

TORONTO, ON, February 17, 2021 – Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to provide an update on the encouraging results from the Björkdal Depth Testing drilling program.

Björkdal Depth Testing Highlights

- 15 veins containing significant grades have been intercepted with inferred strike extensions of up to and over 300 meters ("m")
- Standout intercepts identified:
 - **92.2 g/t gold over a true width of 0.40 m** in MU20-021;
 - **32.5 g/t gold over a true width of 1.1 m** in MU20-021;
 - **16.4 g/t gold over a true width of 1.11 m** in MU20-022;
 - **119.2 g/t gold over a true width of 0.44 m** in MU20-023; and
 - **58.5 g/t gold over a true width of 0.32 m** in MU20-025.
- Identified skarnified marble lens:
 - **3.4 g/t gold over a true width of 5.01 m** in MU20-024

Note: Significant drill composites are provided in Table 1 in the Appendix to this document.

Dominic Duffy, President and Chief Executive Officer of Mandalay, commented, "Given Björkdal's long mine life of over 10 years, our exploration focus there has shifted away from incremental additions to existing resources and reserves to identifying and drilling more prospective areas with higher-grade mineralization possibilities. These exciting initial high-grade intercepts from the depth extension drilling have demonstrated significant continuation within the Lake Zone area. Follow up infill drilling will be ongoing as we endeavour to define the breadth of veining and bring these areas to production in the short term."

Mr. Duffy continued, "Delivering an additional high-grade mining area for the operations will further enhance our ability to be selective in ore scheduling and ultimately lift production grade."

Mr. Duffy concluded, "Alongside this exploration release, a video has been prepared by Mr. Chris Davis, Vice President of Operational Geology and Exploration to further illustrate the detail in this press release, I would like to invite everyone to view the posted video [here](#)."

Björkdal Depth Extension

Since September 2020, a major focus of exploration at Björkdal has been on the depth and eastern extension of the Lake Zone veining. This veining sits beneath the marble unit, below and to the south of the Aurora Zone. This initial phase of drilling encompasses nine drillholes and has intercepted 15 veins containing some of the best grades seen at Björkdal. Interpretation of the drilling indicates that the veining is continuous though all holes drilled

which is supported by our understanding of Lake Zone veining. Grades along these veins vary, however, for a 100 m strike along veining at 1600N three drillholes average a grade of 4.7 g/t gold over nominal mining width of 3 m.



Figure 1. Drill core from hole MU20-023 showing veining from a composited grade of 119.3 g/t gold over a true width of 0.44 m

As well as the vein intercepts themselves, skarnified marble was intercepted in two of the drill holes indicating either a depth continuation to the previously mined Lake Zone Skarn or a discreet alterations lens. Veining within these lenses has been proven to be enriched and skarnified areas have predominantly delivered high grade ore so the presence of the alteration is highly encouraging.

The results of drilling in this area suggest the possibility of a significant increase in the development life of the Björkdal mine by providing a new mining area beyond the current workings on Main Zone and Aurora.

The drilling undertaken on this program to date marks the initial phase of exploration and an infill program has begun and is expected to be completed in Q2 2021.

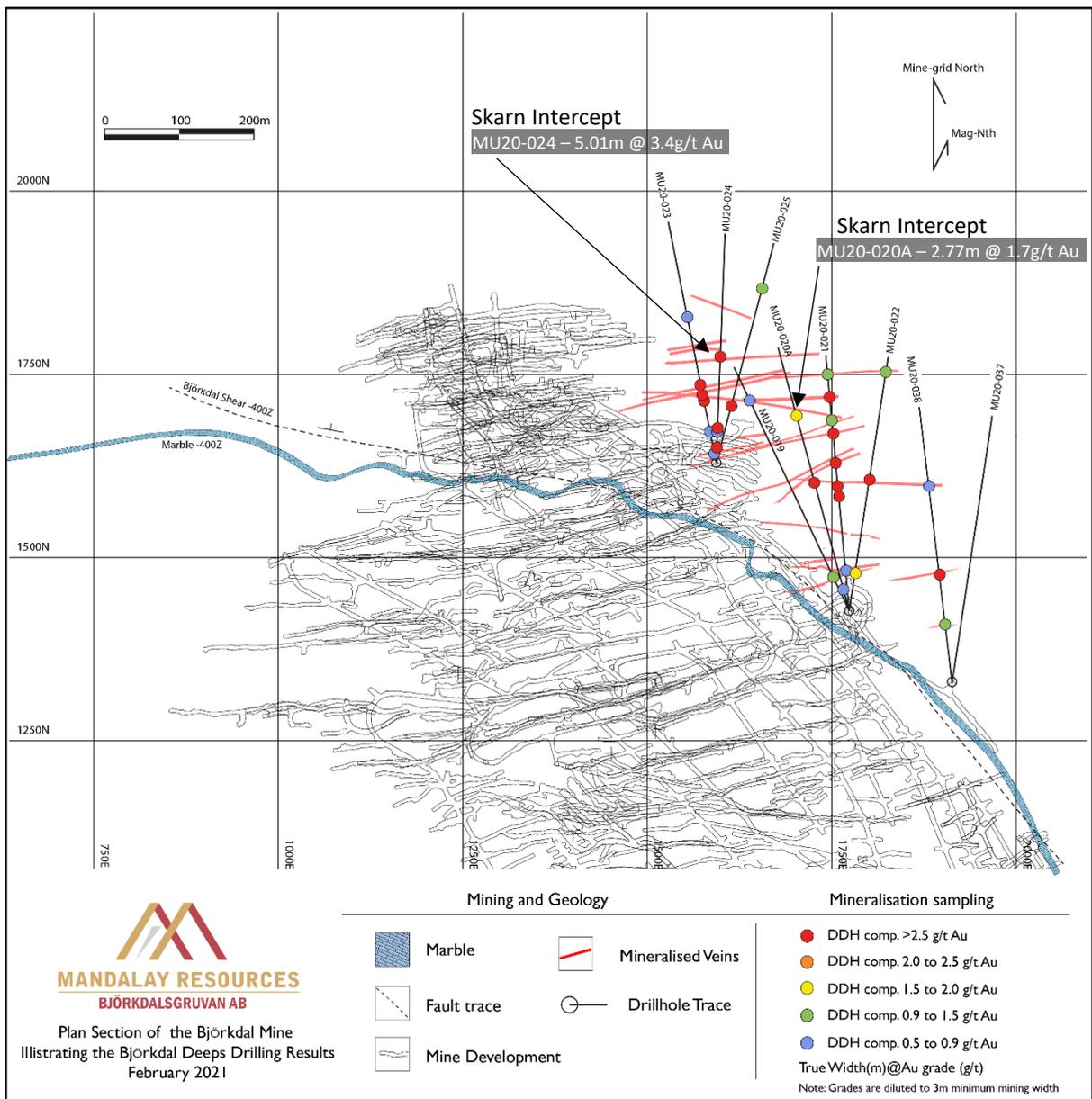


Figure 2. Plan section of Björkdal mine illustrating the location of drilling and results from the Björkdal Deeps program. Newly extended veining it interpreted in red. Marble contact is interpreted in blue.

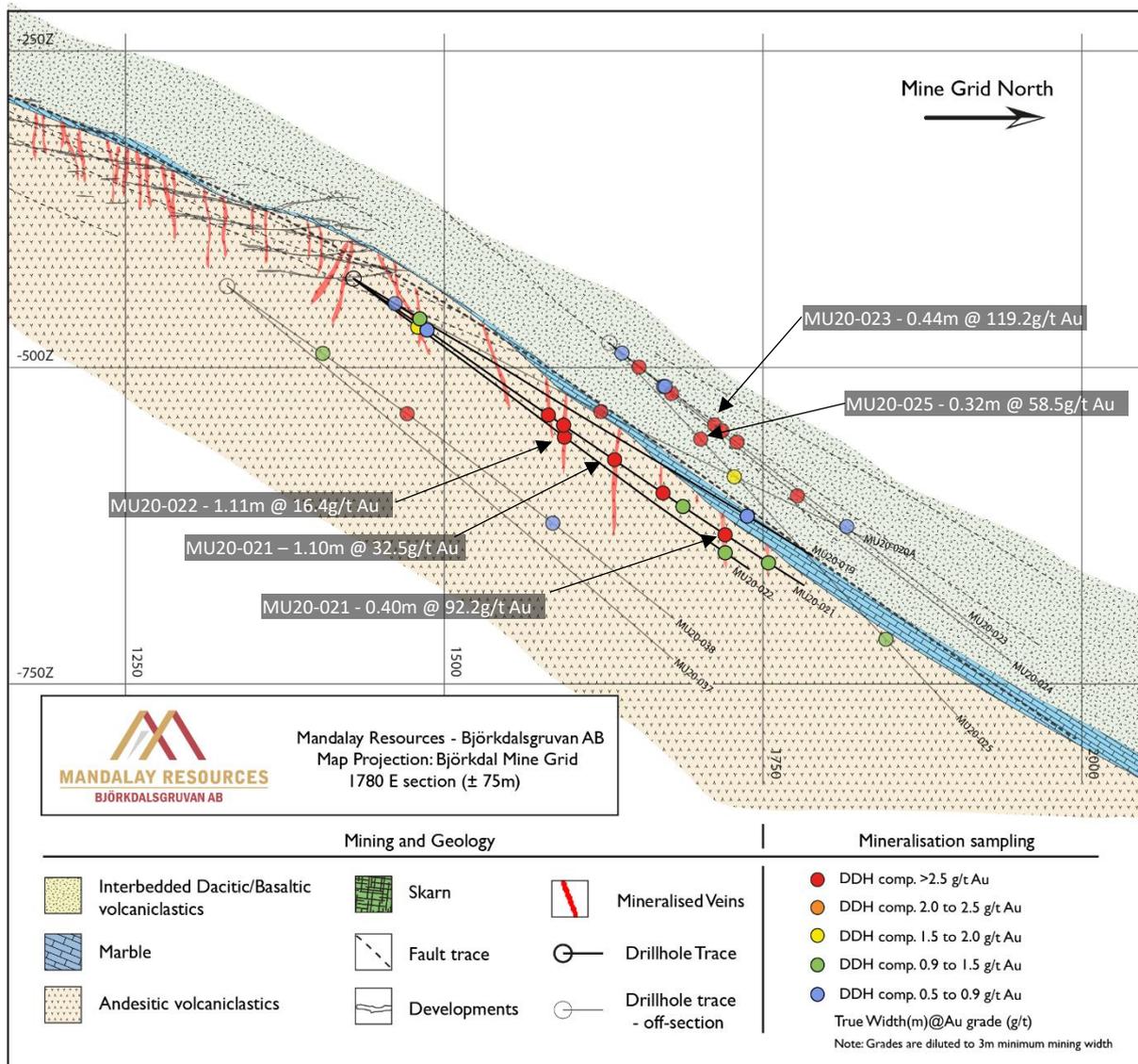


Figure 3. North-South Cross Section illustrating the location and orientation of the new intercepts extending the Lake Zone veining down and to the east. Veining and interpreted lithology is displayed at 1780E with off-section holes projected onto the plain.

Drilling and Assaying

All diamond drill core was logged and sampled by Björkdal geologists. Exploration drill hole samples were sent to CRS Laboratories Oy ("CRS") in Kempele, Finland for sample preparation and assaying.

Assaying was conducted utilizing the Pal1000 cyanide leaching processes. Mandalay's rigorous QA/QC program included the use of standard reference samples, blanks, duplicates, repeats, and internal laboratory quality assurance procedures. See March 30, 2020, Technical Report entitled "Technical Report on the Björkdal Gold Mine, Sweden", available on SEDAR (www.sedar.com), for a complete description of drilling, sampling, and assaying procedures.

Qualified Person:

Chris Davis, Vice President of Operational Geology and Exploration at Mandalay Resources, is a Chartered Professional of the Australasian Institute of Mining and Metallurgy (MAusIMM CP(Geo)), and a Qualified Person as defined by NI 43-101. He has reviewed and approved the technical and scientific information provided in this release.

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 exploration and development potential of the Lake Zone extension (Björkdal). 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.

Appendix

Table 1. Björkdal Deeps Significant Drilling Composites

Drill Hole ID	From (m)	To (m)	Drill Width (m)	True Width (m)	Au Grade (g/t)	Au (g/t) over min. 3m mining width
MU20-019	65.70	66.40	0.70	0.50	5.4	0.9
MU20-019	392.00	393.60	1.60	1.42	1.5	0.7
MU20-020A	39.45	39.80	0.35	0.25	8.8	0.7
MU20-020A	49.50	50.50	1.00	0.66	1.9	0.4
MU20-020A	62.40	63.00	0.60	0.26	2.9	0.3
MU20-020A	137.80	138.15	0.35	0.29	2.4	0.2
MU20-020A	155.95	156.25	0.30	0.14	9.3	0.4
MU20-020A	225.65	227.00	1.35	1.07	11.3	4.0
MU20-020A	271.50	271.80	0.30	0.17	4.1	0.2
MU20-020A	339.60	346.05	6.45	2.77	1.7	1.6
MU20-020A	351.60	352.10	0.50	0.23	5.7	0.4
MU20-021	56.00	56.70	0.70	0.54	1.8	0.3
MU20-021	70.00	71.20	1.20	1.06	2.4	0.9
MU20-021	186.60	187.30	0.70	0.50	16.7	2.8
MU20-021	201.45	204.00	2.55	2.28	5.4	4.1
MU20-021	248.20	250.00	1.80	1.10	32.5	11.9
MU20-021	283.65	284.00	0.35	0.27	2.8	0.3
MU20-021	293.55	297.70	4.15	4.08	5.2	5.2
MU20-021	314.20	316.00	1.80	1.23	3.1	1.3
MU20-021	354.60	355.10	0.50	0.40	92.2	12.3
MU20-021	396.95	397.30	0.35	0.23	17.4	1.3
MU20-022	62.20	63.40	1.20	0.72	6.3	1.5
MU20-022	149.50	149.90	0.40	0.15	4.8	0.2
MU20-022	208.30	209.80	1.50	1.11	16.4	6.1
MU20-022	243.40	244.00	0.60	0.22	2.9	0.2
MU20-022	286.40	286.70	0.30	0.19	4.4	0.3
MU20-022	369.80	370.50	0.70	0.45	8.0	1.2
MU20-023	12.55	13.25	0.70	0.45	4.4	0.7
MU20-023	54.10	54.75	0.65	0.27	6.8	0.6
MU20-023	106.55	107.65	1.10	0.73	10.9	2.7
MU20-023	114.05	114.70	0.65	0.44	119.2	17.5
MU20-023	129.30	129.70	0.40	0.29	45.6	4.4
MU20-023	175.65	175.95	0.30	0.19	4.2	0.3
MU20-023	241.90	242.30	0.40	0.21	7.6	0.5
MU20-024	29.90	30.65	0.75	0.51	25.3	4.3
MU20-024	54.50	54.85	0.35	0.18	9.6	0.6
MU20-024	61.75	62.35	0.60	0.25	36.7	3.1
MU20-024	188.60	195.30	6.70	5.01	3.4	3.4
MU20-025	106.55	107.25	0.70	0.32	58.5	6.2
MU20-025	122.60	122.90	0.30	0.23	3.2	0.2
MU20-025	326.40	326.80	0.40	0.24	17.4	1.4
MU20-037	161.90	162.20	0.30	0.21	4.4	0.3
MU20-037	203.35	203.70	0.35	0.23	2.6	0.2

MU20-037	326.50	326.90	0.40	0.24	4.6	0.4
MU20-038	93.10	94.90	1.80	1.23	2.9	1.2
MU20-038	99.40	99.80	0.40	0.25	5.5	0.5
MU20-038	131.00	131.60	0.60	0.42	1.6	0.2
MU20-038	175.00	176.00	1.00	0.73	14.6	3.6
MU20-038	321.40	321.70	0.30	0.14	18.6	0.9

Notes

1. Where True widths are greater than 3 m, grades are not diluted and are presented as the grade over the composite true width.
2. Composites that are below 0.2 g/t Au when diluted to 3 m are not reported in this table.