



## **MANDALAY RESOURCES EXTENDS MAIN ZONE AND CONFIRMS THE EASTERN EXTENSION OF LAKE ZONE AT ITS BJÖRKDAL OPERATION**

*Drilling results on Main Zone reveal multiple veining horizons are extended 300 m down plunge.*

TORONTO, ON, June 29, 2021 – Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to provide an update on the Main Zone and Lake Zone drilling programs at its Björkdal Operation in Sweden.

### **New Drilling Highlights:**

#### **Main Zone Veining**

- **174.0 g/t gold over true width of 0.49 m** in MU21-010;
- **6.1 g/t gold over true width of 8.85 m** in MU21-010; and
- **105.0 g/t gold over true width of 0.21 m** in MU21-015

#### **Lake Zone Veining**

- **226.0 g/t gold over true width of 0.21 m** in MU21-003;
- **25.3 g/t gold over true width of 1.03 m** in MU21-007; and
- **4.2 g/t gold over true width of 4.11 m** in MU21-004

*Note: Further intercept details including significant intercepts within composite intervals can be found in Table 1 and Table 2 in the Appendix to this document.*

Dominic Duffy, President and CEO of Mandalay, commented: "Exploration at Björkdal for the first part of this year has been focused on the eastern margin of the orebody. Significant veining within this area has been confirmed through these two drilling campaigns."

Mr. Duffy continued, "We are very encouraged by the high grades within veining to the east of the mine and by the strong indications of major extensions to two previously mined high grade skarn lenses. Results from these two programs support Mandalay's primary objective of elevating gold grades within the site's current life-of-mine plan."

Mr. Duffy continued, "Building upon the success of these two campaigns, exploration efforts will test another eastern extension, as well as following-up on the targeting of the skarn mineralization sitting above the veining. This drilling aims to gain sufficient information to support a mining concession application that will cover the extended veining. Beyond these targets, significant extension potential also exists within the Aurora Zone and surrounding veins which will also be a major focus of underground exploration efforts at Björkdal in the near future."

Mr Duffy concluded, "A video has been prepared by Chris Davis, Vice President of Operational Geology and Exploration, to further explain the information in this release. The video can be found on Mandalay's website or by clicking [here](#)."

## **Eastern Extension and Upgrading Opportunity**

Björkdal veining consist of a series of gold bearing east west trending, sub-vertical, north dipping veins. The majority of these veins exist below a marble horizon that dips towards the north and east with a series of sub-parallel faults trending with the marble. Due to drilling platform constraints, veining that shallowly plunges to the east underneath the marble is unbound. Further to the evident extension opportunity there is a significant potential for upgrading as increased interaction with the marble and faulting to the east produces a favourable mineralising environment (Figure 1).

Both suggestions of vein extension and upgrading have been supported by extensional drilling started in late 2020 by the Björkdal Deeps Drilling campaign and continued through the Lake Zone Infill and the Main Zone Extension drilling programs of 2021.

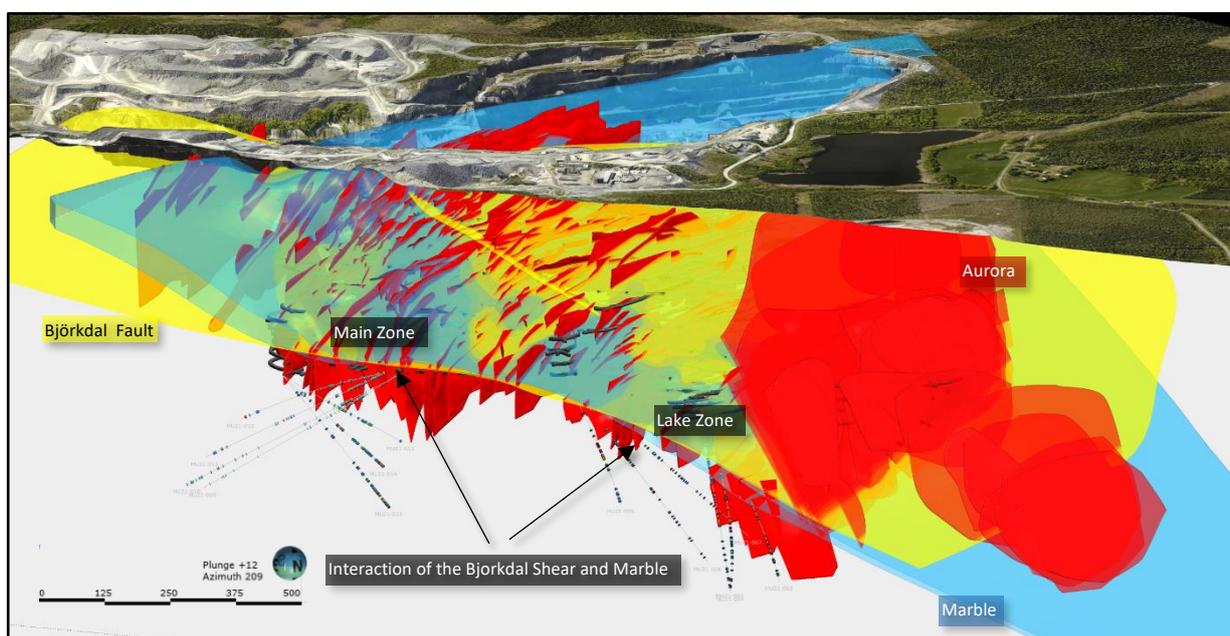


Figure 1. Perspective view of the Björkdal Mine looking towards the SSW highlighting the interaction of the veining (Red) marble (Blue) and Björkdal shear (Yellow). Drilling of the 2021 Main Zone extension and Lake Zone infill drilling is also shown.

## **Main Zone Extension**

Seven holes and a total of 2,720 m have been drilled from underground developments to the east in order to explore the area underneath the marble and identify vein extensions. Direct extensions to ten veins have been interpreted from the program with 63 significant intercepts within the drilling (Appendix A). Extending veining approximately 200m to the east is an intercept grading 174.0 g/t gold over true width of 0.49 m within MU21-010. To the north more veining extensions are revealed through veining over a total of 0.21 m grading 105.0 g/t gold. With significant mineralization extending through to the eastern most reaches of the program, Mandalay believes that the veining remains open at depth and to the east.

Along with these gold bearing veins, stratiform skarn mineralization has also been identified within MU21-009 and MU21-010 indicating a significant lens could be present above the intercepted veining. This is important as production along skarn lenses have delivered highly significant grades. On the 460 level, one such lens delivered an average grade of 4.8 g/t gold,

diluted to 5 m, over a 40 m strike length. The presence of the stratiform skarn style orebodies was anticipated within this program through understanding of structural geometries and the strong interaction of the Björkdal Shear with the marble unit. The multiphase mineralization introduced as a result of this interaction is understood to be highly favourable to gold development.

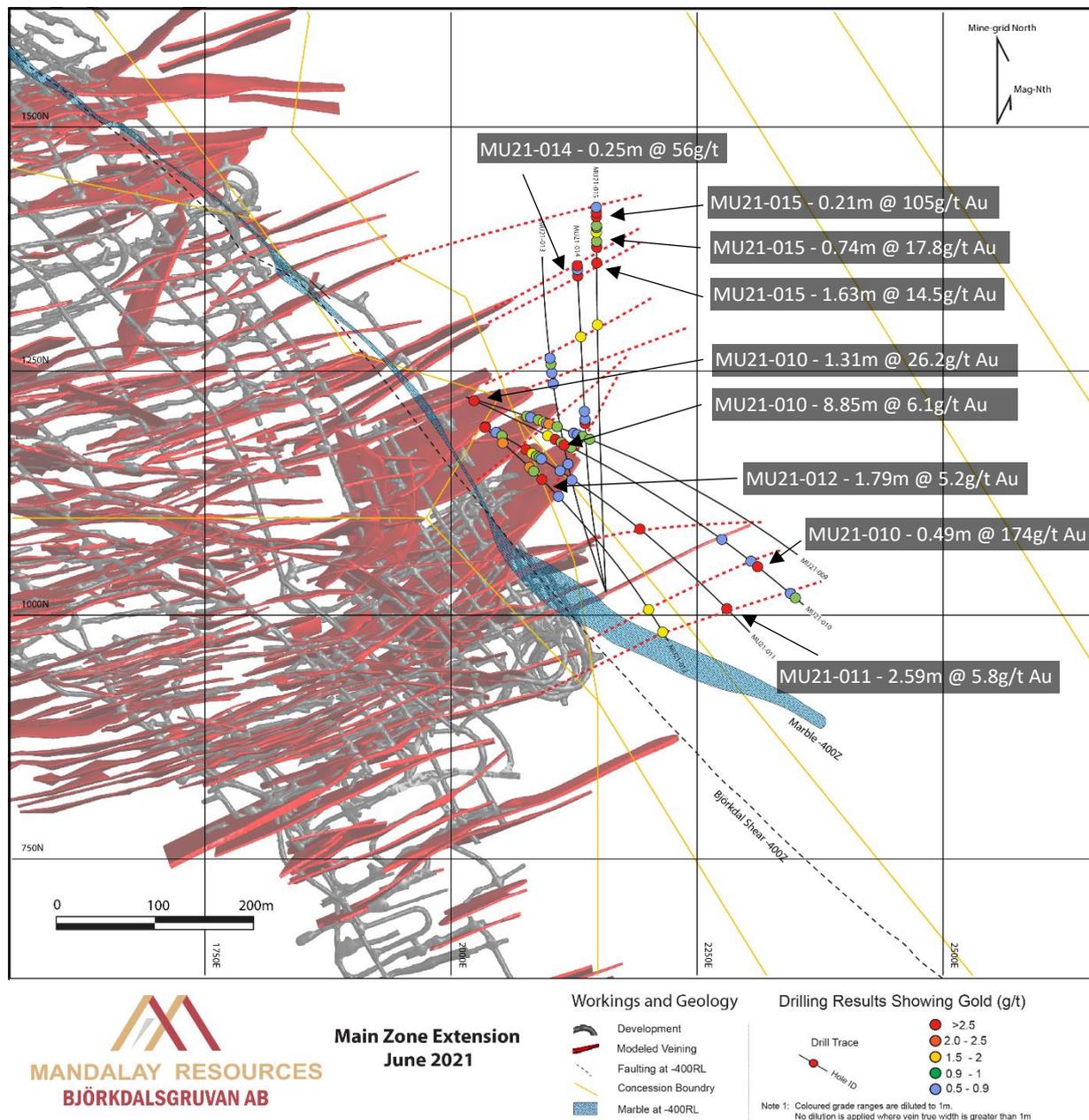


Figure 2. Plan section of the Main Zone drilling highlighting the position of new drilling and intercepts above 0.5 g/t Au when diluted to 1 m.

Visible gold both within the Main Zone and Lake Zone is common and is generally accompanied by significant gold grades when assayed (Figure 3). Within the target zone elevated grades and amount of visible gold is generally attributed to the close interaction of the Björkdal shear, acting as a mineralising fluid conduit, and the overlaying marble unit.

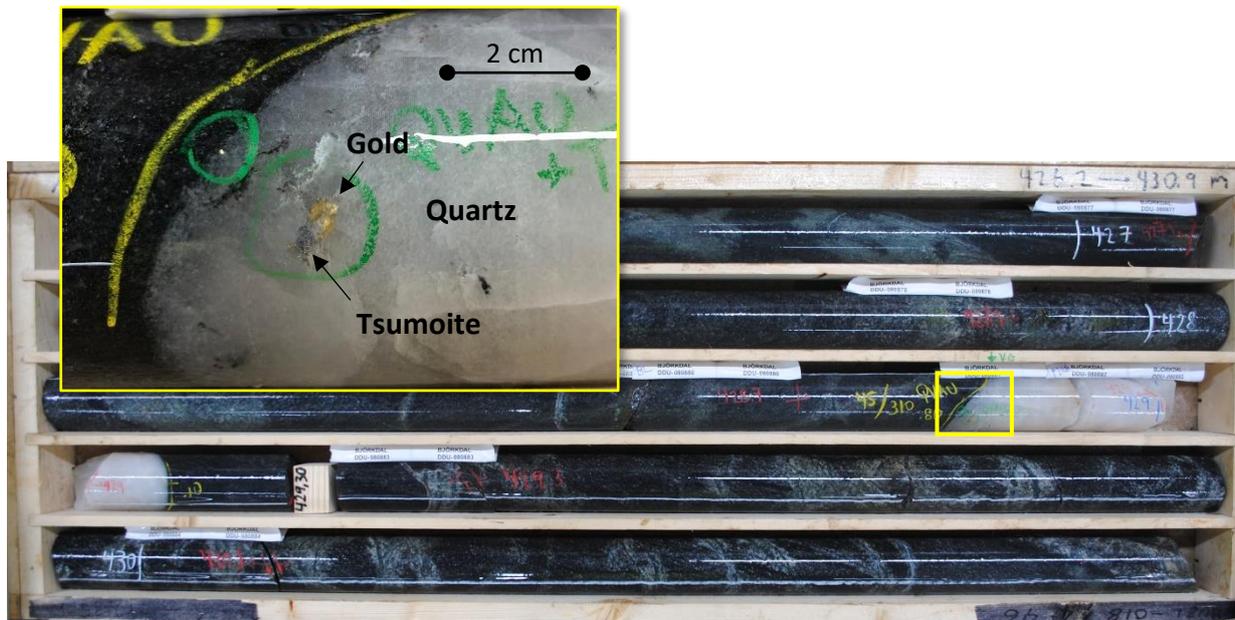


Figure 3. Photograph of core containing gold within MU21-015 (428.7 - 429.0 m, 0.21 m @ 105 g/t) interpreted to be a structural continuity of veining approximately 200m to the west of the intercept.

### **Lake Zone Veining**

Following from the Björkdal Deeps drilling program of 2020 the Lake Zone infill drilling has confirmed the significant grades and veining continuity shown in the original program. Some highlights of this program are: 226 g/t gold over a true width of 0.21m within MU21-003 and 25.3 g/t gold over true width of 1.03 m within MU21-005. Along with the initial intercepts of 2020 the strike extent of some of the veining is interpreted to be approximately 300 m and the vertical extent below the marble horizon is expected to be approximately 50 m. As with the Main Zone mineralization, veining within lake zone remains unbound towards the east and at depth.

Skarn mineralization, similar to the Main Zone has been encountered within this drilling campaign. The orientation of drilling was not optimised for the stratiform skarn style orebody and a subsequent drilling program to delineate this skarn lens will be forthcoming in the months ahead.

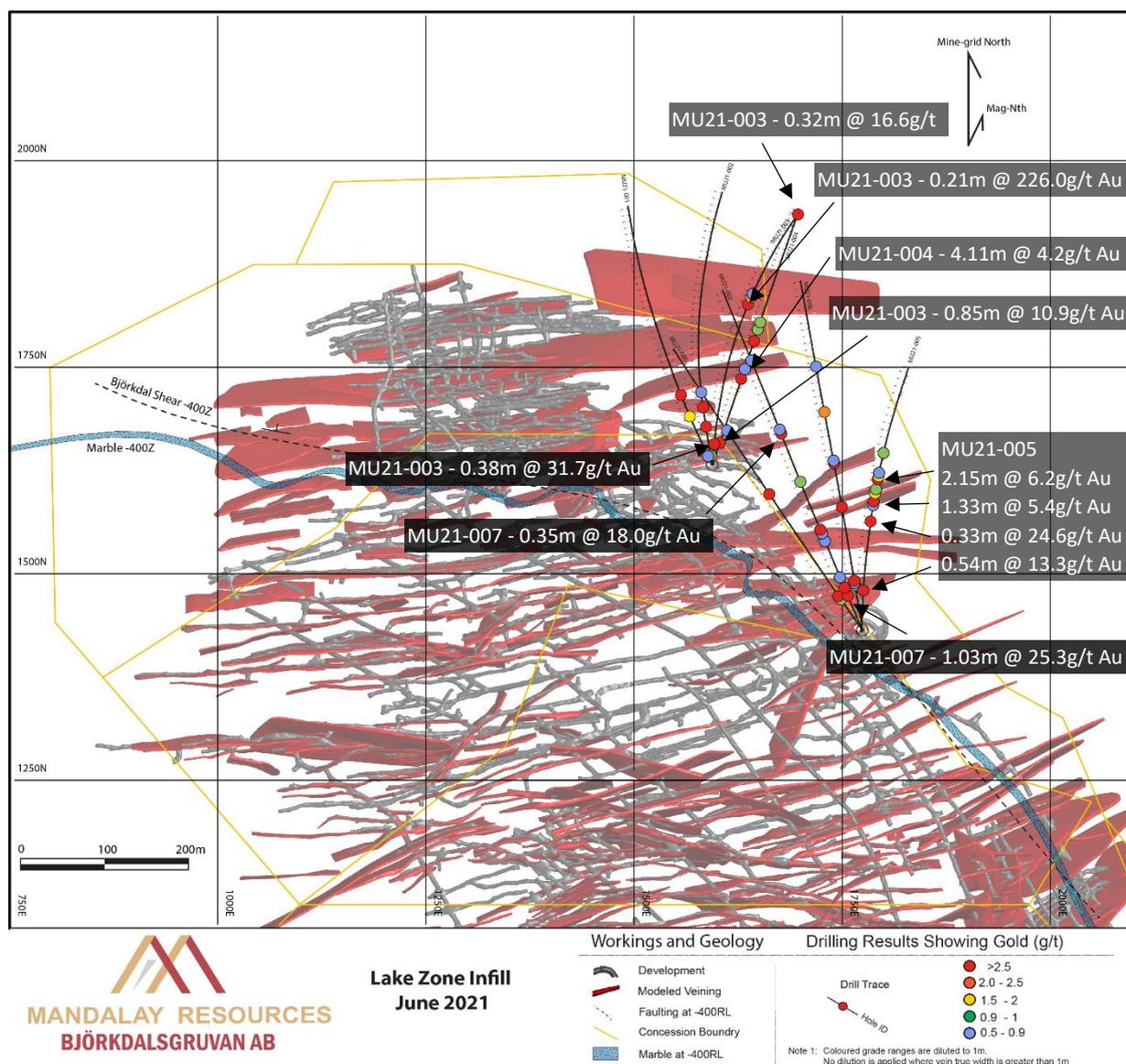


Figure 4. Plan section of the Lake Zone infill drilling highlighting the position of new drilling and intercepts above 0.5 g/t Au when diluted to 1 m

## **Drilling and Assaying**

At Björkdal, 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, 2021, Technical Report entitled "Technical Report on the Björkdal Gold Mine, Sweden", available on SEDAR ([www.sedar.com](http://www.sedar.com)), which contains 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 (Costerfield gold-antimony mine) and Sweden (Björkdal gold mine), with projects in Chile and Canada under care and maintenance, closure or development status. The Company is focused on growing its production profile and reducing costs to generate significant positive cashflow.

Mandalay's mission is to create shareholder value through the profitable operation of both its Costerfield and Björkdal mines. Currently, the Company's main objective is to continue mining the high-grade Youle vein at Costerfield, which continues to supply high-grade ore, and also focus on extending Youle's Mineral Reserves at depth. At Björkdal, the Company will aim to increase production from the Aurora zone in the coming years, in order to maximize profit margins from the mine.

## **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 exploration results disclosed. 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 31, 2021, a copy of which is available under Mandalay's profile at [www.sedar.com](http://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.** Main Zone Infill Drilling Composites

DRILL HOLE ID	FROM (M)	TO (M)	DRILL WIDTH (M)	TRUE WIDTH (M)	AU GRADE (G/T)	AU (G/T) OVER MIN. 1M WIDTH
MU21-009	72.80	73.80	1.00	0.70	1.1	0.8
MU21-009	76.90	77.90	1.00	0.70	0.9	0.6
MU21-009	85.60	87.60	2.00	1.40	1.1	1.1
MU21-009	93.00	94.00	1.00	0.70	2.0	1.4
MU21-009	96.00	97.00	1.00	0.70	0.9	0.6
MU21-009	97.40	103.60	6.20	3.94	2.3	2.3
MU21-009	110.90	111.90	1.00	0.70	1.3	0.9
MU21-009	131.00	131.50	0.50	0.34	1.6	0.5
MU21-009	135.40	136.00	0.60	0.42	1.4	0.6
MU21-009	142.00	143.00	1.00	0.70	1.1	0.7
MU21-009	150.60	152.00	1.40	1.29	1.0	1.0
MU21-010	8.90	10.50	1.60	1.31	26.2	26.2
MU21-010	102.00	103.00	1.00	0.98	2.0	1.9
MU21-010	106.00	116.80	10.80	8.85	6.1	6.1
MU21-010	119.70	120.50	0.80	0.64	1.2	0.8
MU21-010	132.00	133.00	1.00	0.80	1.4	1.1
MU21-010	336.40	336.90	0.50	0.17	3.6	0.6
MU21-010	379.40	379.70	0.30	0.26	2.3	0.6
MU21-010	388.70	389.20	0.50	0.49	174.0	85.3
MU21-010	438.40	439.00	0.60	0.56	1.1	0.6
MU21-010	446.00	446.60	0.60	0.52	1.9	1.0
MU21-011	1.40	2.40	1.00	0.60	2.9	1.7
MU21-011	19.60	24.10	4.50	2.66	1.0	1.0
MU21-011	55.50	57.35	1.85	1.01	17.5	17.5
MU21-011	62.30	64.45	2.15	1.33	2.0	2.0
MU21-011	67.90	69.00	1.10	0.66	1.5	1.0
MU21-011	71.95	73.10	1.15	0.69	1.4	1.0
MU21-011	100.70	101.15	0.45	0.24	3.6	0.9
MU21-011	213.15	213.60	0.45	0.21	13.6	2.9
MU21-011	346.60	349.30	2.70	2.59	5.8	5.8
MU21-012	1.00	2.90	1.90	1.33	3.4	3.4
MU21-012	26.40	28.70	2.30	1.61	2.2	2.2
MU21-012	65.30	65.90	0.60	0.49	4.8	2.3
MU21-012	71.50	71.95	0.45	0.32	2.4	0.7
MU21-012	83.15	85.00	1.85	1.79	5.2	5.2
MU21-012	108.95	109.60	0.65	0.61	1.2	0.7
MU21-012	269.45	270.00	0.55	0.39	3.4	1.3
MU21-012	299.45	299.85	0.40	0.28	4.8	1.4

MU21-013	124.30	124.65	0.35	0.25	2.6	0.7
MU21-013	141.50	142.20	0.70	0.54	1.5	0.8
MU21-013	161.85	163.00	1.15	1.00	2.7	2.7
MU21-013	226.50	227.30	0.80	0.80	0.9	0.7
MU21-013	237.55	238.30	0.75	0.80	0.9	0.7
MU21-013	246.55	248.50	1.95	1.83	1.1	1.1
MU21-013	252.65	253.50	0.85	0.43	1.7	0.7
MU21-013	255.20	255.55	0.35	0.80	1.2	1.0
MU21-014	185.90	186.40	0.50	0.38	28.0	10.6
MU21-014	190.00	190.30	0.30	0.23	3.6	0.8
MU21-014	198.70	199.20	0.50	0.32	2.3	0.7
MU21-014	278.70	280.10	1.40	1.27	1.8	1.8
MU21-014	343.75	344.25	0.50	0.25	56.0	14.0
MU21-014	350.50	351.20	0.70	0.35	2.1	0.7
MU21-014	354.00	355.50	1.50	1.19	5.1	5.1
MU21-015	301.95	302.40	0.45	0.23	8.0	1.8
MU21-015	371.35	374.00	2.65	1.63	14.5	14.5
MU21-015	389.50	390.55	1.05	0.74	17.8	13.2
MU21-015	395.55	396.60	1.05	0.80	1.3	1.0
MU21-015	406.00	407.20	1.20	0.85	1.9	1.6
MU21-015	411.85	412.40	0.55	0.45	1.4	0.6
MU21-015	413.65	416.10	2.45	2.12	1.3	1.3
MU21-015	423.85	424.15	0.30	0.23	22.1	5.1
MU21-015	428.70	429.00	0.30	0.21	105.0	22.1
MU21-015	434.85	435.15	0.30	0.25	3.3	0.8

Notes:

1. Where true widths are greater than 1m, grades are not diluted and are presented as the grade over the composite true width.
2. Composites that are below 0.5 g/t Au when diluted to 1 m are not reported in this table.

**Table 2.** Lake Zone Infill Drilling Composites

DRILL HOLE ID	FROM (M)	TO (M)	DRILL WIDTH (M)	TRUE WIDTH (M)	AU GRADE (G/T)	AU (G/T) OVER MIN. 1M WIDTH
MU21-001	13.80	14.10	0.30	0.12	6.3	0.8
MU21-001	82.80	83.20	0.40	0.29	6.3	1.8
MU21-001	118.60	120.70	2.10	1.37	4.2	4.2
MU21-002	14.40	14.70	0.30	0.18	5.8	1.0
MU21-002	61.50	61.80	0.30	0.10	40.1	4.0
MU21-002	93.20	93.60	0.40	0.08	32.7	2.6
MU21-002	117.60	118.50	0.90	0.50	1.5	0.8
MU21-003	32.60	34.00	1.40	0.85	10.9	9.2
MU21-003	269.80	270.10	0.30	0.21	226.0	47.5
MU21-003	281.00	281.55	0.55	0.23	9.0	2.1
MU21-003	287.00	287.40	0.40	0.10	6.7	0.7

MU21-003	426.55	426.90	0.35	0.32	16.6	5.3
MU21-004	37.10	37.80	0.70	0.38	31.7	12.0
MU21-004	132.20	133.00	0.80	0.48	1.2	0.6
MU21-004	147.35	148.50	1.15	0.81	4.2	3.4
MU21-004	165.05	167.25	2.20	0.38	2.1	0.8
MU21-004	208.75	216.50	7.75	4.11	4.2	4.2
MU21-004	232.80	233.10	0.30	0.29	4.1	1.2
MU21-004	245.35	245.75	0.40	0.35	3.1	1.1
MU21-005	61.70	62.40	0.70	0.54	13.3	7.2
MU21-005	99.00	99.60	0.60	0.42	2.7	1.1
MU21-005	162.80	163.25	0.45	0.33	24.6	8.1
MU21-005	186.90	187.20	0.30	0.26	2.7	0.7
MU21-005	191.65	193.60	1.95	1.33	5.4	5.4
MU21-005	203.20	203.60	0.40	0.24	7.1	1.7
MU21-005	208.50	208.80	0.30	0.19	4.9	0.9
MU21-005	220.90	224.65	3.75	2.15	6.2	6.2
MU21-005	226.90	228.20	1.30	1.10	1.6	1.6
MU21-005	229.95	230.70	0.75	0.43	1.7	0.7
MU21-005	259.45	262.00	2.55	1.28	1.4	1.4
MU21-005	365.90	366.90	1.00	0.70	0.8	0.6
MU21-006	67.35	68.10	0.75	0.68	1.3	0.9
MU21-006	69.10	69.50	0.40	0.35	2.2	0.8
MU21-006	71.75	72.50	0.75	0.57	7.1	4.0
MU21-006	182.85	183.40	0.55	0.39	10.7	4.2
MU21-006	248.20	248.90	0.70	0.70	9.2	6.4
MU21-006	251.85	252.50	0.65	0.50	1.3	0.6
MU21-006	325.60	326.20	0.60	0.52	4.3	2.2
MU21-006	392.40	393.30	0.90	0.64	1.1	0.7
MU21-007	51.80	53.60	1.80	1.03	25.3	25.3
MU21-007	63.50	64.00	0.50	0.45	13.1	5.9
MU21-007	79.40	80.00	0.60	0.46	1.3	0.6
MU21-007	134.00	134.70	0.70	0.61	1.0	0.6
MU21-007	146.00	146.50	0.50	0.29	2.0	0.6
MU21-007	152.00	152.40	0.40	0.35	18.0	6.3
MU21-007	224.00	225.00	1.00	0.70	1.4	1.0
MU21-007	297.50	298.20	0.70	0.61	5.4	3.3
MU21-007	302.50	303.00	0.50	0.50	1.0	0.5
MU21-007	408.50	410.00	1.50	0.65	0.9	0.6
MU21-008	49.00	52.00	3.00	1.50	1.3	1.3
MU21-008	55.80	56.80	1.00	0.71	5.3	3.7
MU21-008	224.00	224.40	0.40	0.33	9.1	3.0
MU21-008	328.30	328.70	0.40	0.20	4.4	0.9

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