



MANDALAY RESOURCES

MANDALAY RESOURCES CORPORATION PROVIDES YEAR-END 2022 MINERAL RESERVES AND RESOURCES FOR BJÖRKDAL

TORONTO, ON, February 21, 2023 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce an updated Mineral Resources and Reserves (MRMR) estimates for its Björkdal gold mine in Skellefteå, Sweden as at December 31, 2022. All dollar amounts in this press release are in U.S. dollars unless otherwise noted.

Highlights:

- Mineral Reserves increased by 32,000 oz net of yearly depletion;
- Mineral Reserves gold grade increased by 11% to 1.54 g/t, predominantly through the exploration of the high grade Eastern plunge extension; and
- Mineral Measured and Indicated Resources increased by 72,000 oz net of yearly depletion with an increase in gold grade of 10% to 2.27 g/t.

Dominic Duffy, President and CEO of Mandalay, commented:

"Mandalay's near-mine exploration efforts at Björkdal have been designed around the goal of bringing higher grades into the near and medium term mine plan. This goal was realized in 2021 through drilling of the Eastern Plunge Extension of the Main Zone and Central Zone veining within the underground mine at Björkdal. Impressive grades have been seen through this drilling including 47.7 g/t gold over 11.7 m (see news release dated January 24, 2022), amongst others, within what is thought to be a geologically favourable environment for further gold endowment along the eastern flank of the mine.

"During 2022, this area was further drilled with continued success – improving our confidence in our vein model grade estimations supporting an increase in Indicated Mineral Resource and Mineral Reserves. As such, gold grades of our combined Mineral Resource and Mineral Reserves increased by 10% and 11%, respectively. While there are many influencing factors in the evolving Reserves, the Eastern Plunge Extension is the main reason for this increase. The higher grades resulted in higher overall Mineral Reserves of 32,000 gold oz and 72,000 gold oz in Mineral Resources, representing a 48,400 oz gain net of mining depletion over 2022. Furthermore, these additional Mineral Reserves were added at a cost-effective exploration cost of US\$31.47 per ounce of gold.

"Since the data cut-off in September 2022, drilling has continued on the eastern flank with further success (see news release on June 21, 2022), as well as on other major growth potential areas such as the Aurora system extension and North Zone delineation. We expect these areas will contribute to further reserve increases in the future.

“At Costerfield, Mineral Resources and Reserves have not been updated for year-end 2022. The exploration programs in 2022 were more directed towards drill testing of regional targets and large step-outs from the central corridor system. This change in direction came off the back of a large Mineral Reserve increase at year-end 2021, which saw Mineral Reserves grow by 24% with an extended mine life of two years (see news release dated February 16, 2022).”

Table 1: Comparison of Björkdal Mineral Reserves and Resources from December 31, 2021, to December 31 2022

Year End	Proven and Probable Reserve		Measured and Indicated Resources		Inferred Resources	
	Contained Au (koz)	Au Grade (g/t)	Contained Au (koz)	Au Grade (g/t)	Contained Au (koz)	Au Grade (g/t)
2021	542	1.39	1,146	2.07	359	1.64
2022	574	1.54	1,218	2.27	265	1.70

Notes:

1. Mineral Reserves and Resources are contained at Björkdal property only.
2. See footnotes in tables 2 and 3 for details of Proven and Probable Reserve tonnages and grades, including cut-off grades and Qualified Persons.

Details of the Mineral Resources and Reserves estimates at Björkdal are related below. Estimates were prepared or verified by SLR Consulting Ltd. (“SLR”).

The year-end 2022 estimates of Mineral Resources and Reserves for Björkdal will be fully documented in an independent Technical Report prepared in accordance with National Instrument 43-101 (“NI 43-101”) to be filed on www.sedar.com and the Mandalay website www.mandalayresources.com within 45 days of this press release.

Björkdal Mineral Resource and Mineral Reserve Summary

Since the data cut-off date of September 30, 2022 for the year end 2022 MRMR statement, Björkdal completed 54 drill holes totalling approximately 25,239 m in length to September 30, 2022. The data cut-off date at Norrberget remains the same, September 30, 2017. In addition, underground operations included 5,495 m of on-vein development, which was mapped and sampled in detail according to the grade control protocols.

Other than the normal course updating of the mineralization wireframes to account for new drilling and sampling information, the workflow and estimation parameters used to prepare the year end 2022 Björkdal long term block model were largely unchanged.

One of the changes included the addition of a clipping surface to act as a spatial boundary for gold grades. This surface is currently viewed as a fault surface and was created to account for the improved understanding of its impact on the gold distribution in the veins.

A second change included the use of reporting panels as constraints for preparing the Mineral Resource statement for the Aurora Zone vein (wireframe LZA1). The goal of this new approach is to arrive at a more accurate statement of the tonnage and grade for Aurora that considers the spatial

continuity of the above-cut-off grade material as well as the below cut-off grade material that is present as internal dilution.

A third change implemented for the year end 2022 Mineral Resource reporting was the consideration of Mineral Resources that may be residing as remnant materials that can no longer meet the Reasonable Prospects for Eventual Economic Extraction ("RPEEE") requirement of the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards for Mineral Resources and Mineral Reserves (CIM (2014) definitions). Mineral Resources are not reported for any blocks with volumes less than the minimum size for a stope, nor for any blocks residing within an area identified as having limited or no access for mining operations.

Classification criteria for Measured Resource was changed to include only material of the Aurora veining in near proximity to sampled, on-vein, development drives.

The year end 2022 Mineral Resource statement for the Norrberget deposit is prepared using a revised pit surface that was created using an updated metal price.

Other than the normal course updating of the underground long-term wireframes and the re-optimization of the Björkdal and Norrberget open pits to account for the updated long term resource model, the workflow and modifying factors used to prepare the year end 2022 Björkdal Mineral Reserves were largely unchanged from those used during the previous year.

The reporting cut-off grades for the Mineral Resource and Mineral Reserve statement were modified slightly to reflect the higher gold prices used to prepare the estimate. Updated operational costs and input parameters based upon Q4, 2021 to Q3, 2022 actual figures, and the 2023 budget, were used in the Mineral Reserve estimation process.

The Mineral Resource estimates are presented in Table 2. The Mineral Reserve estimates are presented in Table 3.

Table 2: Mineral Resources at Björkdal, Inclusive of Mineral Reserves, as of December 31, 2022

Category	Area	Tonnage (kt)	Au Grade (g/t)	Contained Au (koz)
Measured				
	Björkdal Underground	526	2.39	40
Indicated				
	Björkdal Underground	11,084	2.60	926
	Björkdal Open Pit	2,533	2.31	188
	Norrberget Open Pit	191	2.93	18
	Stockpiles	2,357	0.60	45
Total Measured & Indicated		16,691	2.27	1,218
Inferred				
	Björkdal Underground	1,815	2.10	123
	Björkdal Open Pit	3,032	1.46	142

Norrberget Open Pit	8	3.21	1
Total Inferred	4,855	1.70	265

Notes:

1. Björkdal Mineral Resources are estimated using drill hole and sample data as of September 30, 2022 and depleted for production through December 31, 2022. Norrberget Mineral Resources are based on a data cut-off date of September 30, 2017.
2. CIM (2014) definitions and the 2019 CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines were followed for Mineral Resources.
3. Mineral Resources are inclusive of Mineral Reserves.
4. Mineral Resources are estimated using an average gold price of \$1,750/oz and an exchange rate of 9.3 SEK/US\$.
5. Bulk density is 2.74 t/m³ for veins and host rock. Bulk density is 2.92 t/m³ for skarn ore bodies.
6. High gold assays were capped to 30 g/t Au for the Björkdal open pit mine.
7. High gold assays for the underground mine were capped at 60 g/t Au for the first search pass and 40 g/t Au for subsequent passes.
8. High gold assays at Norrberget were capped at 24 g/t Au.
9. Interpolation was by inverse distance cubed utilizing diamond drill, reverse circulation, and chip channel samples.
10. Björkdal open pit Mineral Resources are estimated at a cut-off grade of 0.36 g/t Au and constrained by a resource pit shell.
11. Norrberget open pit Mineral Resources are estimated at a cut-off grade of 0.42 g/t Au and constrained by a resource pit shell.
12. Underground Mineral Resources are estimated at a block cut-off grade of 0.82 g/t Au for all veins except the Aurora vein. The Mineral Resources for the Aurora vein were constrained by reporting panels.
13. A nominal 2.5 m minimum mining width was used to interpret veins.
14. Reported Mineral Resources are depleted for previously mined underground development and stopes and exclude remnant material.
15. Stockpile Mineral Resources are based upon surveyed volumes supplemented by production data.
16. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
17. Numbers may not sum due to rounding.
18. The Independent Qualified Person for the Björkdal and Norrberget Mineral Resource estimates is Reno Pressacco, M.Sc.(A), P.Geol., Associate Principal Geologist with SLR, who is a Qualified Person as defined by NI 43-101.

Table 3: Mineral Reserves at Björkdal, as of December 31, 2022

Category	Area	Tonnage (kt)	Au Grade (g/t)	Contained Au (koz)
Proven				
	Björkdal Underground	661	1.61	34
Total Proven		661	1.61	34
Probable				
	Björkdal Underground	5,617	2.10	379
	Björkdal Open Pit	2,816	1.12	101
	Norrberget Open Pit	170	2.74	15
	Stockpiles	2,357	0.60	45
Total Probable		10,960	1.53	540
Total Proven & Probable		11,622	1.54	574

Notes:

1. Björkdal Mineral Reserves are estimated using drill hole and sample data as of September 30, 2022 and depleted for production through December 31, 2022.
2. Norrberget Mineral Reserves are based on a data cut-off date of September 30, 2017.
3. CIM (2014) definitions were followed for Mineral Reserves.
4. Open pit Mineral Reserves for Björkdal are based on mine designs carried out on an updated resource model, applying a block dilution of 100% at 0.0 g/t Au for blocks above 1.0 g/t and 100% at in-situ grade for blocks below 1.0 g/t, but above a cut-off grade of 0.39 g/t Au. The application of these block dilution factors is based on historical reconciliation data from 2018 and 2019. A marginal cut-off grade of 0.39 g/t Au was applied to estimate open pit Mineral Reserves.
5. Open pit Mineral Reserves for Norrberget are based on 15% dilution at 0.0 g/t Au and a cut-off grade of 0.46 g/t Au.
6. Underground Mineral Reserves are based on mine designs carried out on an updated resource model. Minimum mining widths of 4.07 m for stopes (after dilution) and 4.75 m for development (after dilution) were used. Stope dilution was applied by adding 0.6 m on each side of stopes as well as an additional 10% sidewall over break dilution. An overall dilution factor of 25% was added to development design widths. Mining extraction was assessed at 95% for contained ounces within stopes and 100% for development. A cut-off grade of 1.00 g/t Au was applied to material mined within stopes. An incremental cut-off grade of 0.46 g/t Au was used for development material.
7. Stockpile Mineral Reserves are based upon surveyed volumes supplemented by production data as of December 31, 2022.
8. Mineral Reserves are estimated using an average long term gold price of US\$1,600/oz for Björkdal and Norrberget, and an exchange rate of 9.3 SEK/US\$.
9. Tonnes and contained gold are rounded to the nearest thousand.
10. Numbers may not sum due to rounding.
11. The Independent Qualified Person for the Björkdal Mineral Reserve estimate is Rick Taylor, MAusIMM (CP), Principal Mining Engineer with SLR, who is a Qualified Person as defined by NI 43-101.

A total of 80,400 ounces of gold have been added to Mineral Reserves at an exploration cost in 2022 of US\$2.53 million, not including regional exploration expenditure. The net increase of 32,000 ounces of gold in Proven and Probable Mineral Reserves at 2022 year end, relative to 2021 year end, included mining depletion of 48,400 ounces of gold during 2022. The exploration cost of adding these additional Mineral Reserves was US\$31.47 per ounce of gold.

Qualified Persons:

All Qualified Persons listed below have read and approved the contents of this news release as it pertains to the Mineral Resource and Mineral Reserve estimates disclosed in this news release.

- The Mineral Resource estimates for Björkdal and Norrberget were carried out under the supervision of Reno Pressacco, M.Sc.(A), P.Geo., Associate Principal Geologist, an employee of SLR and independent of Mandalay. He is a Qualified Person for the purpose of NI 43-101.
- The QP is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the Mineral Resource estimate.
- The Mineral Reserve estimate was carried out under the supervision of Rick Taylor, CP, MAusIMM, Principal Mining Engineer, an employee of SLR and independent of Mandalay. He is a Qualified Person for the purposes of NI 43-101.
- The QP is not aware of any mining, metallurgical, infrastructure, permitting, or other relevant factors that could materially affect the Mineral Reserve estimate.

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), Sweden (Björkdal gold mine). The Company is focused on growing its production and reducing costs to generate significant positive cashflow. Mandalay is committed to operating safely and in an environmentally responsible manner, while developing a high level of community and employee engagement.

Mandalay's mission is to create shareholder value through the profitable operation and continuing the regional exploration program, at both its Costerfield and Björkdal mines. Currently, the Company's main objective is to continue mining the high-grade Youle vein at Costerfield, bring online the deeper Shepherd veins, both of which will continue to supply high-grade ore to the processing plant, and to extend Youle's Mineral Reserves. At Björkdal, the Company will aim to increase production from the Aurora zone and other higher-grade areas 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. 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, 2022, 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.