



MANDALAY RESOURCES CORPORATION CONTINUES TO PRODUCE EXCELLENT RESULTS FROM ITS BJÖRKDAL EASTWARD MINE EXTENSION DRILLING AND REPORTS ON SUCCESSFUL AURORA EXTENSION DRILLING PROGRAM

TORONTO, ON, FEBRUARY 22, 2023 – Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to provide an update on the Eastern Plunge Extension drilling and significant intercepts from the Aurora Upper Extension program at its Björkdal operation in Sweden.

New Drilling Highlights:

Extension Plunge Extension

- **783.0 g/t gold over 0.35 m** (Estimated True Width "ETW" 0.25 m) in MU22-032;
- **104.7.0 g/t gold over 1.00 m** (ETW 0.87 m) in MU22-031; and
- **22.7 g/t gold over 3.90 m** (ETW 3.19 m) in MU22-029.

Aurora Extension

- **89.5 g/t gold over 0.30 m** (ETW 0.23 m) in MU22-027;
- **2.9 g/t gold over 3.50 m** (ETW 3.05 m); and
- **36.0 g/t gold over 0.30 m** (ETW 0.15 m) in ME22-004.

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

Dominic Duffy, President and CEO of Mandalay, commented:

"Björkdal is a high tonnage and low-grade gold mine with the potential for significant profit growth at relatively small increases to mined gold grades. To this end, a major focus of our near mine exploration program was to identify areas of higher grades that can be prioritized within our short to medium term mining schedules. Excitingly, these consistent drill results from the Eastern Plunge Extension program are exceeding our expectations by producing highly significant grades the likes of which we would consider exceptional at our high-grade Costerfield mine in Australia.

"The impact of this program has flowed through and upgraded Björkdal's recently announced year-end 2022 Mineral Resources and Reserves estimate with an 11% lift to Mineral Reserves' gold grade from 1.39 g/t to 1.54 g/t for the 11.6 million tonnes in Proven and Probable Reserves.

"As the Eastern Plunge Extension drilling is still in its infancy and currently there is little access to drill further east and down plunge, we do not know how far this significant grade increase will continue. However, to date the Eastern Plunge drilling is completely open to the East and Down Plunge. We will continue to drill this area over the remainder of 2023 to try and establish the continuation of this area and the impact it will have on the long term operations at Björkdal. The mining permit extension which will allow for mining in this area is currently being processed by the authorities and we expect the permit to be issued in 2023.

“Further to the successes of the Eastern Plunge Extension, the Aurora system has been tested successfully approximately 150 metres up dip and to the east from current and scheduled mining. Not only is Aurora itself and the surrounding veining continuous, but significant grades comparable to the core of system have been identified within the veining. This extension is encouraging as Aurora has been, and is currently, the main source of bulk ore tonnage at Björkdal.

“We look forward to providing further updates on these projects throughout the year as well as the developments from our North Zone Extension drilling and the Aurora Depth Extension drilling, which are both currently ongoing.”

Focus for Underground Exploration

During the second half of 2022 near mine exploration was focused on exploring the eastern plunge extension of the main and central zones, the upwards eastern extension of Aurora, the depth extension of the Aurora system and the further delineation and extension of North Zone. The latter two programs investigating the depth of Aurora and North Zone are still underway and are not discussed within this release.

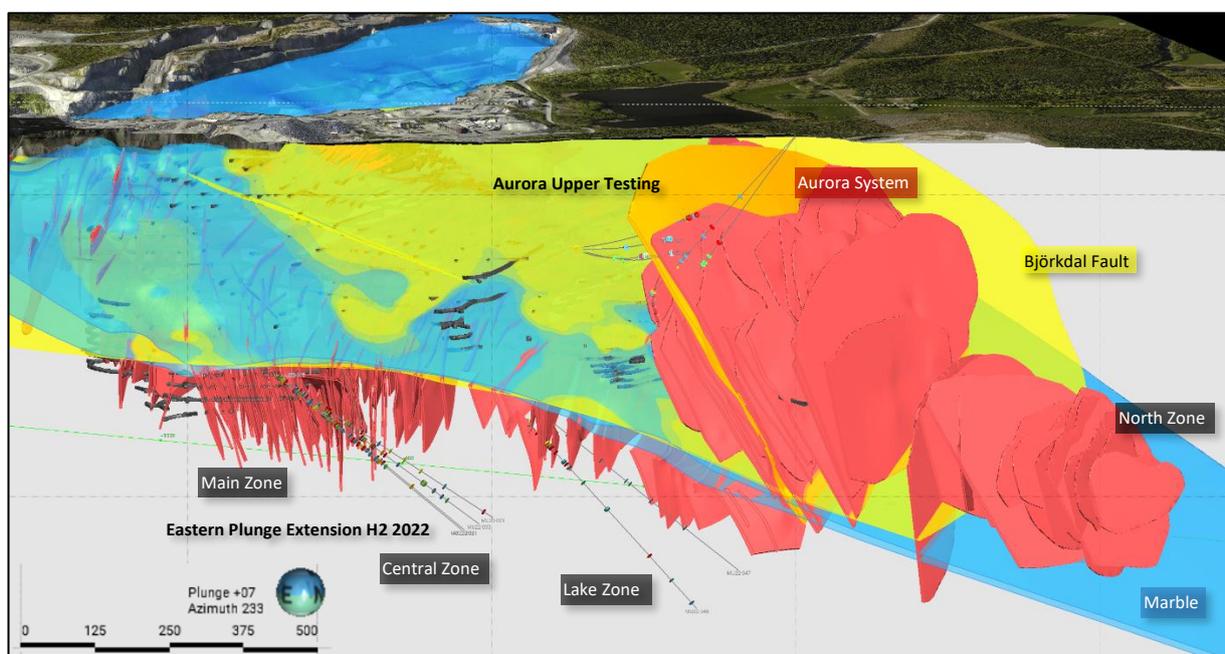


Figure 1. Perspective view of the Björkdal Mine looking towards the SW highlighting the interaction of the veining (Red), Marble (Blue) and Björkdal fault (Yellow). Drilling from the H2 2022 Eastern Plunge Extension and Aurora Upper Testing programs is also shown.

Eastern Extension

Discovered first in 2021 the eastern plunge extension of Main Zone and Central Zone has been an exciting addition to our Mineral Resources and future outlook of Björkdal. A series of drilling programs dedicated to defining the enriched veining has been ongoing since the potential was realized, with each program delivering exceptional grades and evidence to understanding the driving forces behind the high grades of this domain (see News Release dated January 24, 2022).

The significant intercepts disclosed within this news release are from drilling undertaken within the second half of 2022. The focus of this program was to infill a gap in information spanning the interaction between the Main Zone and Central Zone as well as an area of sparse drilling in the Lake Zone eastern extension. The results of this definition drilling supported the modelling replicating the excellent grades of nearby veining intercepts. Highlights of this drilling include 783.0 g/t gold over 0.35 m (0.25m ETW) in MU22-032 and 104.7 g/t gold over 1.00 m (0.87 m ETW) in MU22-31.

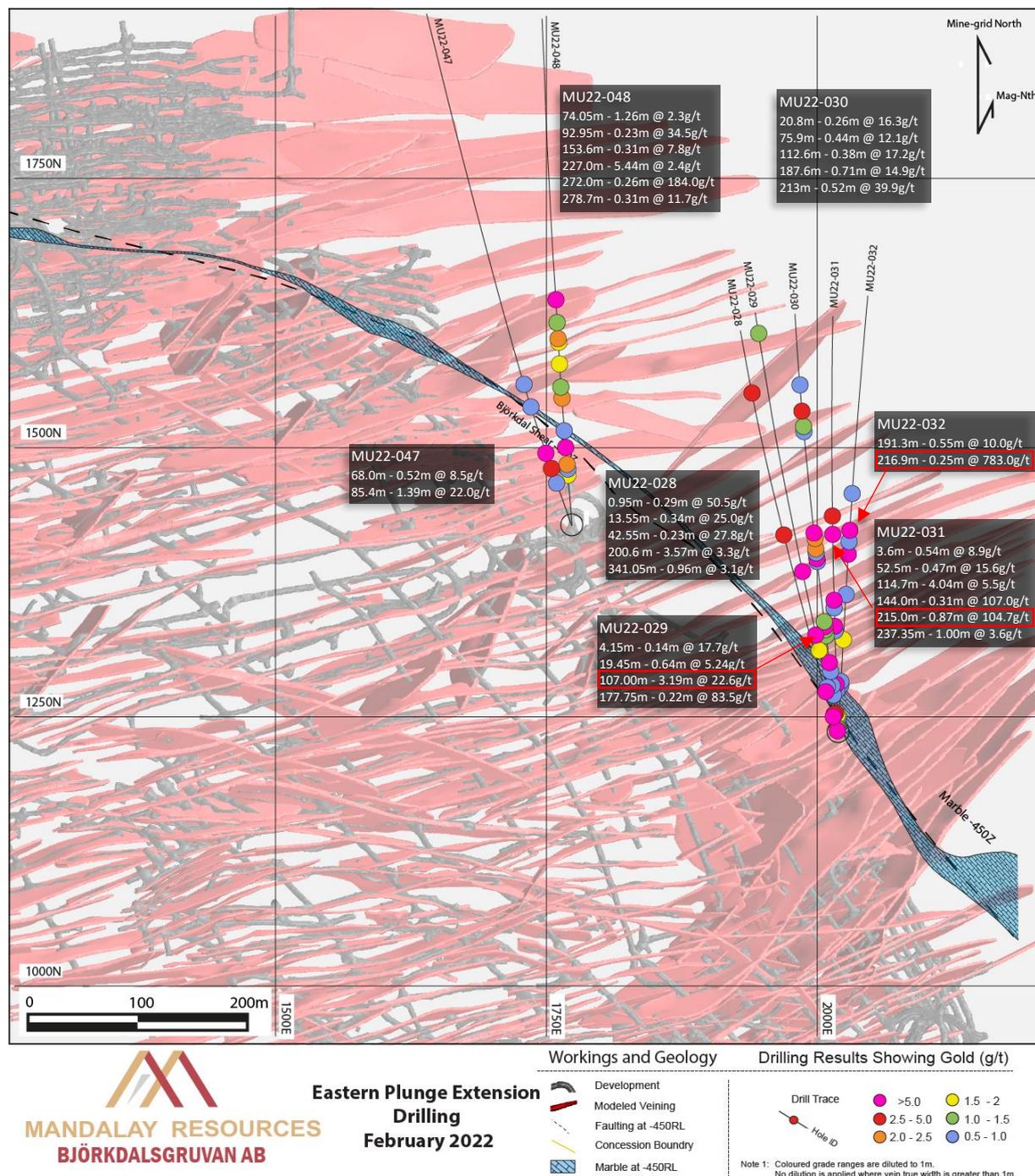


Figure 2. Plan section of the Eastern Plunge Extension drilling. Intercepts above 0.5 g/t Au when diluted to 1 m are denoted by dots. Drillholes are annotated with composites over 2.0 g/t Au when diluted to 1 m.



Figure 3. Photograph of high-grade veining within MU22-032 (216.90 – 217.25m, ETW 0.25m @ 783.0 g/t Au).

Over the two years of exploration the continuously encouraging results of the eastern extension drilling has flowed through to Mineral Resource Estimates and Mineral Reserves. From the year end 2021 to year end 2022 the global Mineral Reserves for Björkdal has increased in grade by 11% from 1.39 g/t gold to 1.54 g/t gold (see News Release dated February 21, 2023). This increase has predominantly come from portions of Central Zone, Main Zone and Lake Zone that continue into the Eastern Plunge Domain.

Aurora Upper Extension

The focal point of the Aurora System is a central array of gold bearing quartz veining approximately 2 to 8 metres in width, 500 metres in strike length and 400m in dip extension. This central array is surrounded by further quartz veining with widths generally less than two metres and continuous up to 200 metres in strike and 100 metres in vertical extent. This veining persists to varying degrees for approximately 100m into the hanging wall and foot wall of central Aurora. The recent round of extension drilling on Aurora was focused on testing the upper eastward extension with six holes, two of which have been drilled from surface and four from underground (see Figure 1).

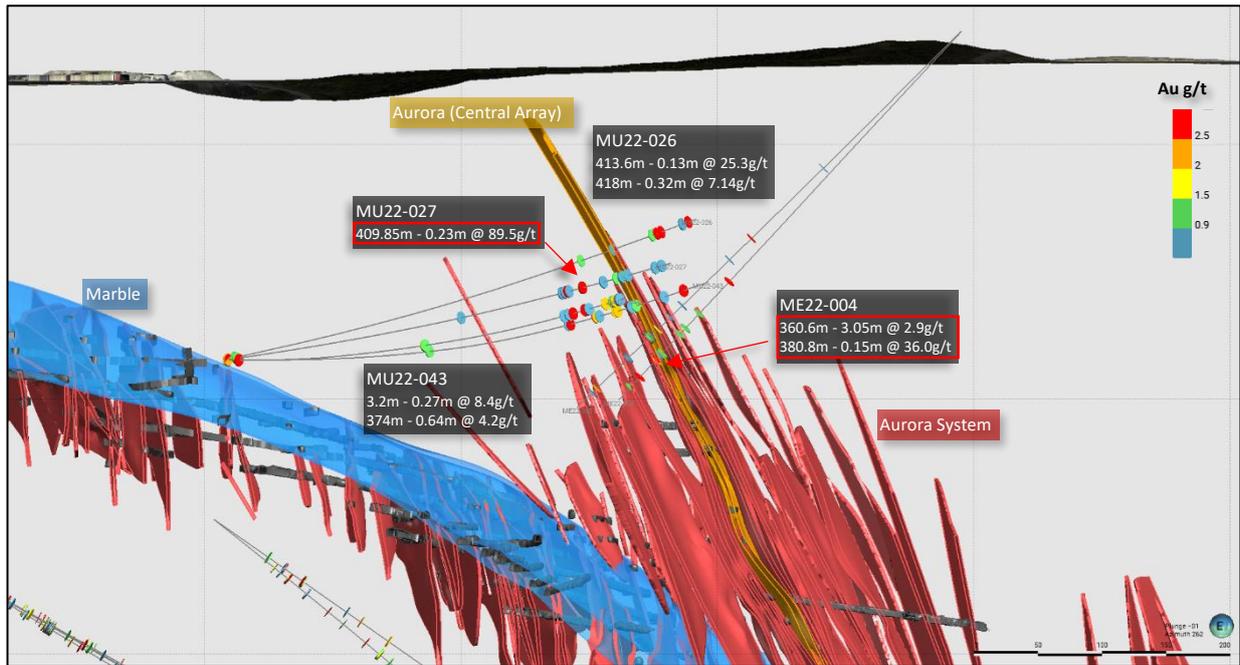


Figure 4. Perspective view of the Aurora System showing the resent results of the Aurora Extension program. Drillholes are annotated with composites over 2.0 g/t Au when diluted to 1 m.

Encouragingly, the holes intercepted what is interpreted to be the extension of both the Central Array (Aurora) and the surrounding veining approximately 150 metres to the east and up of the known Aurora System. While the Aurora veining had been expected to persist, the surrounding veining was an unknown and its presence indicate the potential for multiple mining horizons in this extended area with significant intercepts in both hanging wall and footwall veining. Highlights from the results include 89.5 g/t gold over 0.30 m (0.23 m ETW), 2.9 g/t gold over 3.5 m (3.05 m ETW) and 36.0 g/t gold over 0.30 m (0.15 m ETW) within veining both in the hanging and footwall of the central array.

Outlook

Current underground drilling locations do not provide support for further extension of the eastern plunge extension, however mining is now scheduled for the area and once more appropriate drilling horizons have been developed extension drilling will continue to further explore this potential. As the interpretation stands the veining remains open at depth. There is no current indication that grades will curtail down the mineral plunge to the east at Björkdal.

The expectation that the Aurora system continues up-dip and to the east is something that needs further testing. Currently the drilling discussed here is the furthest from known Aurora in this direction and further drilling is required so that the breadth of mineralization can be understood. This drilling will take place in 2023.

Exploration is also currently ongoing on the extension of the veining in North Zone and the depth extension of the Aurora System below the Marble Horizon. An update on this drilling is expected in Q2 2023 once the current extension program is complete.

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), 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)), as well as a Member of the Australian Institute of Geoscientists (MAIG) 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 closure or development status. 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 objectives are to continue mining the high-grade Youle vein at Costerfield, bring the deeper Shepherd veins into production, both of which are expected to 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, 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, 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.

Appendix

Table 1. Table of Significant Intercepts from the Eastern Plunge Extension Drilling

DRILL HOLE ID	FROM (M)	TO (M)	INTERVAL (M)	ESTIMATED TRUE WIDTH (M)	AU GRADE (G/T)	AU (G/T) OVER MIN. 1M WIDTH
MU22-028	0.95	1.40	0.45	0.3	50.5	14.6
MU22-028	13.55	14.00	0.45	0.3	25.0	8.5
MU22-028	42.55	42.85	0.30	0.2	27.8	6.4
MU22-028	200.60	204.30	3.70	3.6	3.3	3.3
MU22-028	341.05	342.30	1.25	1.0	3.2	3.0
MU22-029	4.15	4.55	0.40	0.1	17.7	2.5
MU22-029	19.45	20.45	1.00	0.6	5.2	3.4
MU22-029	49.70	50.40	0.70	0.2	3.7	0.7
MU22-029	90.05	91.00	0.95	0.5	1.8	0.8
MU22-029	107.00	110.90	3.90	3.2	22.7	22.7
MU22-029	177.75	178.10	0.35	0.2	83.5	18.4
MU22-029	431.85	433.05	1.20	1.0	1.4	1.4
MU22-030	6.00	6.40	0.40	0.1	8.5	1.2
MU22-030	20.80	21.20	0.40	0.3	16.3	4.2
MU22-030	43.70	44.20	0.50	0.3	2.6	0.8
MU22-030	50.00	50.45	0.45	0.3	1.5	0.5
MU22-030	66.00	66.50	0.50	0.3	2.8	0.7
MU22-030	75.90	77.20	1.30	0.4	12.1	5.3
MU22-030	107.00	108.00	1.00	0.6	1.8	1.2

MU22-030	110.80	111.80	1.00	0.8	1.1	0.8
MU22-030	112.60	113.00	0.40	0.4	17.2	6.5
MU22-030	115.00	116.00	1.00	0.8	1.2	0.9
MU22-030	117.70	118.10	0.40	0.3	3.5	0.9
MU22-030	186.70	187.20	0.50	0.4	1.2	0.5
MU22-030	187.60	188.50	0.90	0.7	14.9	10.5
MU22-030	191.00	191.50	0.50	0.5	1.5	0.7
MU22-030	195.40	196.00	0.60	0.5	2.0	1.0
MU22-030	209.00	210.00	1.00	0.8	2.1	1.6
MU22-030	213.00	213.60	0.60	0.5	39.9	20.7
MU22-030	325.00	325.60	0.60	0.3	1.7	0.5
MU22-030	328.00	329.00	1.00	0.8	1.4	1.1
MU22-030	347.50	348.10	0.60	0.5	3.2	1.5
MU22-030	377.60	378.20	0.60	0.5	1.1	0.6
MU22-031	3.60	4.30	0.70	0.5	8.9	4.8
MU22-031	8.20	9.10	0.90	0.4	1.6	0.6
MU22-031	16.70	22.30	5.60	3.7	1.7	1.7
MU22-031	45.00	45.60	0.60	0.3	2.4	0.7
MU22-031	52.50	53.00	0.50	0.5	15.6	7.3
MU22-031	111.00	111.50	0.50	0.4	2.1	0.8
MU22-031	114.70	119.00	4.30	4.0	5.5	5.5
MU22-031	135.70	136.10	0.40	0.4	2.2	0.9
MU22-031	144.00	144.40	0.40	0.3	107.0	33.2
MU22-031	215.00	216.00	1.00	0.9	104.7	91.1
MU22-031	237.35	238.50	1.15	1.0	3.5	3.5
MU22-031	321.30	322.00	0.70	0.2	2.1	0.5
MU22-032	56.70	57.25	0.55	0.2	2.3	0.5
MU22-032	98.00	99.00	1.00	0.6	1.7	1.0
MU22-032	148.15	148.55	0.40	0.2	3.2	0.6
MU22-032	191.30	192.15	0.85	0.6	10.0	5.5
MU22-032	204.25	204.55	0.30	0.2	3.9	0.9
MU22-032	216.90	217.25	0.35	0.3	783.0	195.8
MU22-032	256.00	257.00	1.00	0.3	2.0	0.5
MU22-047	52.50	53.45	0.95	0.5	1.1	0.5
MU22-047	68.00	68.60	0.60	0.5	8.5	4.4
MU22-047	85.40	87.00	1.60	1.4	22.0	22.0
MU22-047	141.70	142.00	0.30	0.3	2.4	0.6
MU22-047	168.20	169.00	0.80	0.3	2.4	0.6
MU22-047	482.25	483.40	1.15	0.7	0.9	0.7
MU22-048	60.85	61.35	0.50	0.4	1.7	0.6
MU22-048	74.05	75.70	1.65	1.3	2.3	2.3
MU22-048	92.95	93.25	0.30	0.2	34.5	7.9
MU22-048	115.40	115.70	0.30	0.2	4.5	0.9
MU22-048	153.60	154.00	0.40	0.3	7.8	2.4
MU22-048	166.95	169.00	2.05	0.9	1.2	1.1
MU22-048	196.75	197.10	0.35	0.2	10.8	1.9
MU22-048	221.20	223.50	2.30	1.5	1.9	1.9

MU22-048	227.00	234.10	7.10	5.4	2.4	2.4
MU22-048	244.00	244.55	0.55	0.4	2.9	1.0
MU22-048	272.00	272.40	0.40	0.3	184.0	47.8
MU22-048	278.70	279.10	0.40	0.3	11.7	3.6
MU22-048	489.30	489.70	0.40	0.3	3.1	0.9

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. Table of Significant Intercepts from the Aurora Upper Extension Program

DRILL HOLE ID	FROM (M)	TO (M)	INTERVAL (M)	ESTIMATED TRUE WIDTH (M)	AU GRADE (G/T)	AU (G/T) OVER MIN. 1M WIDTH
ME22-003	230.60	231.10	0.50	0.5	3.1	1.4
ME22-003	333.30	333.80	0.50	0.5	1.5	0.7
ME22-003	342.00	343.00	1.00	0.9	1.0	0.8
ME22-003	344.10	344.60	0.50	0.4	3.4	1.5
ME22-003	400.20	400.70	0.50	0.4	2.1	0.8
ME22-004	326.50	327.10	0.60	0.5	1.1	0.6
ME22-004	333.10	333.60	0.50	0.5	1.2	0.5
ME22-004	360.60	364.10	3.50	3.1	2.9	2.9
ME22-004	380.80	381.10	0.30	0.2	36.0	5.4
MU22-026	9.00	10.00	1.00	0.6	1.3	0.8
MU22-026	408.55	409.50	0.95	0.5	1.2	0.6
MU22-026	413.60	414.10	0.50	0.1	25.3	3.3
MU22-026	418.00	418.35	0.35	0.3	7.1	2.3
MU22-026	438.05	439.05	1.00	0.7	0.8	0.6
MU22-026	444.55	444.90	0.35	0.3	3.7	0.9
MU22-027	3.70	4.10	0.40	0.3	2.3	0.6
MU22-027	11.95	13.05	1.10	0.8	1.5	1.2
MU22-027	347.05	347.95	0.90	0.6	0.9	0.6
MU22-027	353.00	353.35	0.35	0.3	7.3	2.0
MU22-027	354.35	354.70	0.35	0.3	2.8	0.8
MU22-027	368.20	369.55	1.35	1.0	1.6	1.6
MU22-027	404.55	405.50	0.95	0.7	1.1	0.8
MU22-027	409.85	410.15	0.30	0.2	89.5	20.6
MU22-043	3.20	4.00	0.80	0.3	8.4	2.3
MU22-043	346.10	346.60	0.50	0.3	4.3	1.1
MU22-043	374.00	375.00	1.00	0.6	4.2	2.7
MU22-043	395.60	396.00	0.40	0.3	2.2	0.6
MU22-043	398.00	398.50	0.50	0.3	2.1	0.7
MU22-043	472.80	473.30	0.50	0.2	5.0	0.9
MU22-044	2.60	3.10	0.50	0.3	2.0	0.5
MU22-044	14.50	15.40	0.90	0.4	2.6	1.0
MU22-044	209.90	211.20	1.30	0.4	1.7	0.7

MU22-044	372.00	372.50	0.50	0.4	1.5	0.6
MU22-044	377.00	377.30	0.30	0.2	9.4	1.8
MU22-044	390.60	391.00	0.40	0.4	3.6	1.2
MU22-044	415.50	416.10	0.60	0.5	2.3	1.2
MU22-044	423.90	424.60	0.70	0.5	1.2	0.6
MU22-044	426.50	427.10	0.60	0.4	2.0	0.8
MU22-044	431.00	432.00	1.00	0.6	0.8	0.5

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.