



Mandalay Resources Announces Production and Sales Results for the Second Quarter of 2023 and Revised Full-Year 2023 Guidance

TORONTO, ON, July 13, 2023 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) announces today its production and sales results for the second quarter of 2023 and provides revised production and cost guidance for 2023.

Second Quarter Production Highlights:

- Consolidated saleable gold equivalent production of 20,850 ounces; and
- Consolidated saleable gold equivalent sold of 20,229 ounces.

Revised 2023 Production and Cost Guidance:

- Revised 2023 production guidance to 88,000 – 100,000 gold equivalent ounces from 105,000 – 118,000;
- Cash cost and all-in sustaining costs expected at \$1,010 – \$1,170 and \$1,370 – \$1,580 per gold equivalent ounce, respectively. Previously \$800 – \$975 cash cost and \$1,150 – \$1,325 all-in sustaining; and
- Exploration budget remains unchanged. Revised capital guidance to a consolidated \$41 – \$49 million, a reduction of \$3 million.

Frazer Bouchier, President and CEO of Mandalay, commented:

"The Company experienced a challenging first half of 2023 at both its operations which will impact our ability to meet the previously stated annual production and cost guidance for 2023. Despite our original expectation that production will be higher in the second half of this year than it was over the first six months, we no longer anticipate that this will compensate for the shortfall experienced year-to-date and are therefore revising production guidance downward by just over 15%.

"While the revision in our annual guidance is unfortunate, we now have a better understanding of the factors that led to the recent production shortfalls. We are taking steps to implement mitigating solutions, which I am confident will be effective. In addition, the recently expanded exploration budget at both operations not only remains unchanged but will become a key focus area going forward as self-funded organic exploration success is envisioned to underpin the growth of the assets. Lastly, I am pleased that all of our previous gold hedges have now expired and that we anticipate the continued generation of positive cashflow."

Ryan Austerberry, COO of Mandalay, commented:

"Several temporary, yet significant factors influenced our production performance during this quarter which unfortunately caused production to fall below our initial expectations at both operations. On a consolidated basis, the Company produced 20,850 and 40,836 saleable gold equivalent ounces during Q2 2023 and the first six months of this year, respectively.

“Björkdal produced 10,397 saleable gold ounces in Q2 2023, while facing continued challenges related to personnel vacancies, mined tonne volumes and stope dilution. However, we are seeing encouraging signs of improvement resulting from the initiatives implemented during the first half of the year with a steady increase in ore volumes delivered from the mine. We expect further productivity enhancements from our trucking contractors in the second half of this year.

“Looking ahead, we are optimistic that we will receive the mining concession required to allow us to begin production from the eastern extension of the Björkdal veining that was discovered and defined over the past two years. This development would initially shift our focus to the Eastern extension of Main Zone, where we are anticipating higher gold grades and less dilution due to the vertical orientation of the mineralization. Regarding personnel, we are committed to ongoing investment and training, but have needed to leverage the expertise of experienced contractors to supplement staffing shortfalls particularly over the summer vacation period in Sweden.

“Costerfield produced 10,453 saleable gold equivalent ounces in Q2 2023, as it encountered challenges leading to deficits in the annual budget for both gold grades and mined tonnes. The drop in grades can be attributed primarily to a delay in stope progression into the higher-grade core of the Youle orebody. We have investigated root causes of the grade discrepancies and have recalibrated our geological modeling and scheduling, adding confidence to the revised guidance. For the latter half of this year, we will be retreating production fronts into the higher-grade core of Youle while continuing to develop along the multiple veins of the Shepherd orebody.

“The shortfall in mined tonnes was further exacerbated by supply chain issues that resulted in a delay in receiving a remote underground loader. Although we initially anticipated its arrival during Q2, we now expect it to be delivered and fully functional in Q3.”

Mr. Bouchier concluded, “We are making concerted efforts towards mitigating the factors leading to this productivity shortfall. In parallel, we are actively working towards optimizing our mining processes, increasing mining flexibility, and streamlining our operations. These measures are aimed at mitigating most of the identified operational risks to better position our operations on a path towards building a stronger and sustainable track record of operational excellence.”

Saleable Production for the Quarter Ended June 30, 2023:

- In the second quarter of 2023, the Company produced a total of 17,693 ounces of gold and 517 tonnes of antimony representing a total of 20,850 ounces of gold equivalent, versus 19,395 ounces of gold and 523 tonnes of antimony in the second quarter of 2022, representing a total of 23,305 ounces of gold equivalent.
- Production at Björkdal was 10,397 ounces of gold in the second quarter of 2023 versus 8,316 ounces of gold in the second quarter of 2022.
- Production at Costerfield was 7,296 ounces of gold and 517 tonnes of antimony in the second quarter of 2023 versus 11,079 ounces gold and 523 tonnes antimony in the second quarter of 2022.

Saleable Production for the Six Months Ended June 30, 2023:

- The Company produced a total of 34,030 ounces gold and 1,061 tonnes antimony, representing a total of 40,836 ounces of gold equivalent production, versus 43,976 ounces gold and 1,206 tonnes of antimony in the corresponding six months of 2022, representing a total of 52,936 ounces of gold equivalent.
- Production at Björkdal was 19,366 ounces gold.
- Production at Costerfield was 14,664 ounces gold and 1,061 tonnes antimony.

Table 1 – Second Quarter and Six Months Saleable Production for 2023 and 2022

Metal	Source	Three months ended June 30 2023	Three months ended June 30 2022	Six months ended June 30 2023	Six months ended June 30 2022
Gold (oz)	Björkdal	10,397	8,316	19,366	20,700
	Costerfield	7,296	11,079	14,664	23,276
	Total	17,693	19,395	34,030	43,976
Antimony (t)	Costerfield	517	523	1,061	1,206
Gold US\$/oz		1,977	1,875		
Antimony US\$/t		12,072	14,018		
Total Gold Eq. (oz)⁽¹⁾					
	Björkdal	10,397	8,316	19,366	20,700
	Costerfield	10,453	14,989	21,470	32,236
	Total	20,850	23,305	40,836	52,936

1. Quarterly gold equivalent ounces ("Gold Eq. (oz)") produced is calculated by multiplying the saleable quantities of gold ("Au"), and antimony ("Sb") in the period by the respective average market prices of the commodities in the period, adding the amounts to get a "total contained value based on market price", and then dividing that total contained value by the average market price of Au in the period. Average Au prices in the periods are calculated as the average of the daily LME PM fixes in the period, with price on weekend days and holidays taken of the last business day; average Sb price in the period is calculated as the average of the daily average of the high and low Rotterdam warehouse prices for all days in the period, with price on weekend days and holidays taken from the last business day. The source for Au price is www.transamine.com, and Sb price is www.metalbulletin.com.

Sales for the Quarter Ended June 30, 2023:

- In the second quarter of 2023, the Company sold a total of 17,200 ounces of gold and 496 tonnes of antimony, representing a total of 20,229 ounces of gold equivalent, versus 21,189 ounces of gold and 748 tonnes of antimony in the second quarter of 2022, representing a total of 26,781 ounces of gold equivalent.
- Björkdal sold 9,939 ounces of gold in the second quarter of 2023 versus 8,976 ounces of gold in the second quarter of 2022.
- Costerfield sold 7,261 ounces of gold and 496 tonnes of antimony in the second quarter of 2023 versus 12,213 ounces of gold and 748 tonnes of antimony in the second quarter of 2022.

Sales for the Six Months Ended June 30, 2023:

- The Company sold 35,220 ounces gold and 1,055 tonnes antimony, representing a total of 41,998 ounces of gold equivalent, versus 45,572 ounces gold and 1,275 tonnes antimony in the first six months of 2022, representing a total of 55,061 ounces of gold equivalent.
- Björkdal sold 19,460 ounces gold.
- Costerfield sold 15,760 ounces gold and 1,055 tonnes antimony.

Table 2 – Second Quarter and Six Months Sales for 2023 and 2022

Metal	Source	Three months ended June 30 2023	Three months ended June 30 2022	Six months ended June 30 2023	Six months ended June 30 2022
Gold (oz)	Björkdal	9,939	8,976	19,460	21,110
	Costerfield	7,261	12,213	15,760	24,462
	Total	17,200	21,189	35,220	45,572
Antimony (t)	Costerfield	496	748	1,055	1,275
Gold US\$/oz		1,977	1,875		
Antimony US\$/t		12,072	14,018		
Total Gold Eq. (oz)¹					
	Björkdal	9,939	8,976	19,460	21,110
	Costerfield	10,290	17,805	22,538	33,951
	Total	20,229	26,781	41,998	55,061

1. Quarterly Gold Eq. (oz) sold is calculated by multiplying the saleable quantities of Au and Sb in the period by the respective average market prices of the commodities in the period, adding the amounts to get a "total contained value based on market price", and then dividing that total contained value by the average market price of Au for the period. The source for Au price is www.transamine.com, and Sb price is www.metalbulletin.com, with price on weekend days and holidays taken of the last business day.

Mandalay's updated guidance for 2023 production and capital expenditures are set out below together with the original guidance amounts.

Table 3 – Revised 2023 Full-Year Guidance

	2023E
Björkdal	
Gold produced (oz)	41,000 – 45,000
Cash cost ⁽¹⁾ per oz gold produced	\$1,270 – \$1,410
All-in sustaining cost ⁽¹⁾ per oz gold produced	\$1,630 – \$1,810
Capital expenditures	\$25M – \$29M
Costerfield	
Gold produced (oz)	35,000 – 40,000
Antimony produced (t)	1,850 – 2,400
Gold equivalent produced ⁽²⁾ (oz)	47,000 – 55,000
Cash cost ⁽¹⁾ per oz gold eq. produced	\$810 – \$960
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced	\$1,040 – \$1,240
Capital expenditures	\$16M – \$20M

Consolidated	
Gold equivalent ⁽²⁾ produced (oz)	88,000 – 100,000
Average cash cost ⁽¹⁾ per oz gold eq.	\$1,010 – \$1,170
Average all-in sustaining cost ^{(1) (3)} per oz gold eq.	\$1,370 – \$1,580
Capital expenditures	\$41M – \$49M

1. Cash cost and all-in sustaining costs are non-IFRS measures. See "Non-IFRS Measures" at the end of this press release
2. Assumes average metal prices of: Au \$1,927/oz, Sb \$12,107/t
3. Consolidated all-in sustaining costs per Au Eq. oz includes corporate overhead spending
4. Revised 2023 guidance assumes foreign exchange rates of: AUD/USD 0.68 and USD/SEK 10.55

Table 4 – Original 2023 Full-Year Guidance

	2023E
Björkdal	
Gold produced (oz)	49,000 – 54,000
Cash cost ⁽¹⁾ per oz gold produced	\$975 – \$1,125
All-in sustaining cost ⁽¹⁾ per oz gold produced	\$1,325 – \$1,475
Capital expenditures	\$24M – \$28M
Costerfield	
Gold produced (oz)	44,000 – 49,000
Antimony produced (t)	1,800 – 2,400
Gold equivalent produced ⁽²⁾ (oz)	56,000 – 64,000
Cash cost ⁽¹⁾ per oz gold eq. produced	\$650 – \$825
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced	\$925 – \$1,075
Capital expenditures	\$20M – \$24M
Consolidated	
Gold equivalent ⁽²⁾ produced (oz)	105,000 – 118,000
Average cash cost ⁽¹⁾ per oz gold eq.	\$800 – \$975
Average all-in sustaining cost ^{(1) (3)} per oz gold eq.	\$1,150 – \$1,325
Capital expenditures	\$44M – \$52M

1. Cash cost and all-in sustaining costs are non-IFRS measures. See "Non-IFRS Measures" at the end of this press release
2. Assumes average metal prices of: Au \$1,797/oz, Sb \$10,805/t
3. Consolidated all-in sustaining costs per Au Eq. oz includes corporate overhead spending.
4. Original 2023 guidance assumes foreign exchange rates of: AUD/USD 0.67 and USD/SEK 10.39

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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). 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 online the deeper Shepherd veins, both of which will continue to supply high-grade ore to the processing plant, and to extend Youle 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 Company's expected production of gold and antimony and costs for the 2023 fiscal year. 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, 2023, 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.

Non-IFRS Measures:

This news release may contain references to Income from mine operations before depreciation & depletion, adjusted EBITDA, adjusted net income, free cash flow, cash cost per saleable ounce of gold equivalent produced and all-in sustaining cost 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.