MANDALAY RESOURCES CORPORATION ANNOUNCES FOURTH QUARTER AND FULL-YEAR 2020 FINANCIAL RESULTS

TORONTO, ON, February 25, 2021 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce its financial results for the fourth quarter and full-year ended December 31, 2020.

The Company's consolidated financial results for the year ended December 31, 2020, together with its Management's Discussion and Analysis ("MD&A") for the corresponding period, can be accessed under the Company's profile on www.sedar.com and on the Company's website at www.mandalayresources.com. All currency references in this press release are in U.S. dollars except as otherwise indicated.

Fourth Quarter 2020 Highlights:

- Revenue of $45.3 million;
- Adjusted EBITDA of $25.3 million, third-highest quarterly result in Company history;
- Consolidated net income of $14.7 million, or $0.16 per share; and
- Adjusted net income of $12.1 million, or $0.13 per share.

Full-Year 2020 Highlights:

- Revenue of $179.0 million, highest full-year result since 2016;
- Record adjusted EBITDA of $94.2 million;
- Record adjusted net income of $34.7 million, or $0.38 per share;
- Consolidated net income of $9.3 million, or $0.10 per share;
- $25.3 million in free cash flow and $72.2 million in net cash flows from operating activities; and
- Consolidated cash cost of $843 per Au Eq. oz produced, a 21% year-over-year improvement.

Dominic Duffy, President and CEO of Mandalay, commented:

"Mandalay's fourth quarter 2020 capped off a tremendous year, one in which the Company demonstrated four consecutive quarters of dramatically improved operational and financial performance. These strong results demonstrate the sustainability of the Company's turnaround."

Mr. Duffy continued, "In 2020 the Company generated $179.0 million in revenue and a record $94.2 million in adjusted EBITDA for a margin of 53% – also a record. We earned $12.1 million (CAD$0.17 per share) in adjusted net income during the fourth quarter, marking our fourth consecutive quarter of profitability. For the full-year, the Company generated $34.7 million (CAD$0.51 per share) in adjusted net income – representing approximately 25% of our market capitalization as at December 31, 2020.

"Our consolidated cash cost for 2020 was $843 per saleable gold equivalent ounce produced; a 21% improvement as compared to the $1,066 for full-year 2019. These results were underpinned by Costerfield's remarkable performance, which generated $20.0 million in quarterly adjusted EBITDA, bringing the site's year-to-date total to $68.1 million."

Mr. Duffy added, "Costerfield's operational and financial improvements are a direct result of the high-grade Youle deposit becoming the primary source of ore feed throughout 2020. Processed gold grades averaged 11.6 g/t gold and 4.3% antimony for the full-year 2020, a significant increase over the 2019 full-year average of 5.1 g/t gold and 2.5% antimony. We expect to see continued high gold grades at Costerfield over the course of 2021. This was done while also increasing the Mineral Reserves and mine life of the operation with the ramped-up exploration program carried out over 2020."

"Björkdal maintained stable production and sales, generating $81.5 million and $32.0 million in revenue and adjusted EBITDA, respectively, in 2020. The increase in revenue year-over-year was aided by stronger realized gold prices. We expect Björkdal to build upon its fourth quarter production success – the highest quarterly amount in 2020 – of 12,252 gold ounces as underground tonnages continue to rise as ore from Aurora's higher-grade lower levels comes online."

Mr. Duffy continued, "Mandalay ended 2020 with a cash balance of $34.2 million which was slightly higher than that at the end of the third quarter. This 2020 ending cash balance does not include a $5.0 million payment relating to a delayed shipment at Costerfield. This payment would normally have been received in December but was received at the start of January 2021. The Company also repaid $6.0 million of its senior credit facility prior to the end of 2020, leaving $59.0 million owing. By year-end we also paid $4.9 million towards our hedging programs, however, mainly driven by the recent strengthening of the Australian dollar relative to the U.S. dollar, we anticipate receiving proceeds from the Australian dollar gold forward contracts in the near-term. Ultimately, we remain on track to meeting our goal of having our cash exceed our debt in 2021."

Mr. Duffy concluded, "2020 was a transformative year for the Company. Our results demonstrate the continued commitment of our employees and contractors to execute on our strategic initiatives and the underlying long-term value and cash-generating potential at both sites. This hard work has translated into strong financial performance and increased shareholder value. Looking ahead, we expect continued strong free cash flow generation, which will set the Company up for an exciting 2021 year and beyond."

Fourth Quarter and Full-Year 2020 Financial Summary

The following table summarizes the Company's financial results for the three months and year ended December 31, 2020 and 2019:

	Three months ended Dec 31, 2020	**Three months ended Dec 31, 2019**	**Year ended Dec 31, 2020**	**Year ended Dec 31, 2019**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	45,320	22,737	178,974	107,795
Cost of sales	18,798	17,034	78,782	83,623
Adjusted EBITDA (1)	25,346	4,732	94,247	18,804
Income from mine ops before depreciation, depletion	26,522	5,703	100,192	24,172
Adjusted net income (loss) (1)	12,065	(4,223)	34,704	(10,403)
Consolidated net income (loss)	14,722	(5,328)	9,309	(18,649)
Capital expenditure	14,194	10,225	46,878	37,969
Total assets	301,284	258,592	301,284	258,592
Total liabilities	165,505	146,840	165,505	146,840
Adjusted net income (loss) per share (1)	0.13	(0.05)	0.38	(0.13)
Consolidated net income (loss) per share	0.16	(0.07)	0.10	(0.23)

1. Adjusted EBITDA, adjusted net income (loss) and adjusted net income (loss) per share are non-IFRS measures, defined at the end of this press release "Non-IFRS Measures".

In the fourth quarter of 2020, Mandalay generated consolidated revenue of $45.3 million, 99% higher than in the fourth quarter of 2019. This increase is attributable to Mandalay selling 8,514 more gold equivalent ounces in the fourth quarter of 2020 compared to the fourth quarter of 2019. The Company's realized gold price in the fourth quarter of 2020 also increased by 32% compared to the fourth quarter of 2019, and the realized price of antimony was flat year-over-year.

Consolidated cash cost per ounce of $929 decreased by 14% in the fourth quarter of 2020 compared to the fourth quarter of 2019, mainly due to higher production. Cost of sales during the fourth quarter of 2020 versus the fourth quarter of 2019 were $1.1 million lower at Costerfield, offset by a $2.8 million increase at Björkdal. Consolidated general and administrative costs were $0.2 million higher as compared to the prior year quarter.

Mandalay generated adjusted EBITDA of $25.3 million in the fourth quarter of 2020, 436% higher compared to the Company's adjusted EBITDA of $4.7 million in the year ago quarter. Adjusted net income was $12.1 million in the fourth quarter of 2020, which excludes the $10.8 million fair value gain related to the gold hedges associated with the Syndicated Facility, $1.6 million for the Lupin asset write down, $0.9 million in care and maintenance costs and a $5.6 million revisions to reclamation liabilities, compared to an adjusted net loss of $4.2 million in the fourth quarter of 2019. Consolidated net income was $14.7 million for the fourth quarter of 2020, versus a net loss of $5.3 million in the fourth quarter of 2019. Mandalay ended the fourth quarter of 2020 with $34.2 million in cash and cash equivalents.

Fourth Quarter and Full-Year 2020 Operational Summary

The table below summarizes the Company's operations, capital expenditures and operational unit costs for the three months and year ended December 31, 2020 and 2019:

	Three months ended Dec 31, 2020	Three months ended Dec 31, 2019	Year ended Dec 31, 2020	Year ended Dec 31, 2019
	$'000	$'000	$'000	$'000
Björkdal				
Gold produced (oz)	12,252	10,990	45,296	51,498
Cash cost (1) per oz gold produced ($)	1,251	1,071	1,112	945
All-in sustaining cost (1) per oz gold produced ($)	1,616	1,416	1,435	1,203
Capital development	2,337	1,441	9,341	6,939
Property, plant and equipment purchases	4,832	3,408	12,025	10,162
Capitalized exploration	586	768	1,929	1,472
Costerfield				
Gold produced (oz)	12,236	4,749	44,958	15,258
Antimony produced (t)	858	684	3,903	2,032
Gold equivalent produced (oz)	15,099	7,604	58,148	25,161
Cash cost (1) per oz gold eq. produced ($)	668	1,083	634	1,313
All-in sustaining cost (1) per oz gold eq. produced ($)	1,077	1,640	1,010	2,024
Capital development	3,599	3,776	14,231	13,967
Property, plant and equipment purchases	1,886	349	4,951	3,422
Capitalized exploration	937	461	4,245	1,776
Consolidated				
Gold equivalent produced (oz)	27,351	18,594	103,444	76,659
Cash cost* per oz gold eq. produced ($)	929	1,076	843	1,066
All-in sustaining cost (1) per oz gold eq. produced ($)	1,350	1,568	1,254	1,549
Capital development	5,936	5,217	23,572	20,906
Property, plant and equipment purchases	6,718	3,757	16,976	13,584
Capitalized exploration (2)	1,540	1,251	6,330	3,479

1. Cash cost and all-in sustaining cost are non-IFRS measures. See "Non-IFRS Measures" at the end of this press release.
2. Includes capitalized exploration relating to other non-core assets.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 12,252 ounces of gold in the fourth quarter of 2020 with cash and all-in sustaining costs of $1,251/oz and $1,616/oz, respectively, compared to cash and all-in sustaining costs of $1,071/oz and $1,416/oz, respectively, in the fourth quarter of 2019.

Costerfield gold-antimony mine, Victoria, Australia

Costerfield produced 12,236 ounces of gold and 858 tonnes of antimony for 15,099 gold equivalent ounces in the fourth quarter of 2020. Due to the higher gold equivalent ounces produced, cash and all-in sustaining costs at Costerfield decreased to $668/oz and $1,077/oz, respectively, compared to cash and all-in sustaining costs of $1,083/oz and $1,640/oz, respectively, in the fourth quarter of 2019.

Cerro Bayo silver-gold mine, Patagonia, Chile

In the fourth quarter of 2020, the Company spent $0.6 million on care and maintenance expenses at Cerro Bayo, which was the same as in the fourth quarter of 2019. Cerro Bayo is currently subject to a binding option agreement between the Company and Equus Mining ("Equus") pursuant to which Equus has an option to acquire Cerro Bayo. For further information see the Company's October 8, 2019, press release.

During the first quarter of 2021, the Company is planning to restart the processing facility at Cerro Bayo to begin trial processing of waste dumps located at site containing silver and gold mineralization. During 2020, a sampling program was carried out to establish areas within the waste dumps that contain sufficiently-graded mineralization that could be processed profitably. The current plan is a three-month trial period that could be extended if the project is found to be economically profitable.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was $0.1 million during the fourth quarter of 2020, which was the same as in the fourth quarter of 2019. Reclamation spending at Lupin was $4.7 million during the fourth quarter of 2020 as compared to $0.2 million in the fourth quarter of 2019. The full closure of Lupin will continue in the 2021 season funded by ongoing progressive security reductions held by CIRNA.

Challacollo, Chile

In the fourth quarter of 2020, Aftermath Silver Ltd. ("Aftermath Silver") completed the second payment of CAD$1.0 million in accordance with the definitive agreement. Further information regarding the definitive agreement signed with Aftermath Silver for the sale of Challacollo can be found in the Company's November 12, 2019, press release.

La Quebrada, Chile

No work was carried out on the La Quebrada development property during 2020.

COVID-19

The coronavirus ("COVID-19") pandemic is present in all countries in which the Company operates, with cases being reported in Canada, Australia, Sweden and Chile. At this time, the Company has activated business continuity practices across all sites. Management will continue to monitor developments across all jurisdictions and will adjust its planning as necessary.

The Company is not able to estimate the duration of the pandemic and potential impact on its business if disruptions or delays in our operations occur or our ability to transfer our products to market. In addition, a severe prolonged economic downturn could result in a variety of risks to the business, including a decreased ability to raise additional capital when needed on acceptable terms, if at all. As the situation continues to evolve, the Company will continue to closely monitor operating conditions in the countries we operate and respond accordingly. More details are included in the press release dated March 20, 2020, and on the Company's website.

Conference Call

Mandalay's management will be hosting a conference call for investors and analysts on February 26, 2021 at 8:00 AM (Toronto time).

Analysts and interested investors are invited to participate using the following dial-in numbers:

Participant Number:	(201) 689-8341
Participant Number (Toll free):	(877) 407-8289
Conference ID:	13716917

A replay of the conference call will be available until 11:59 PM (Toronto time), March 12, 2021 and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number:	(877) 660-6853
Encore ID:	13716917

About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia and Sweden, 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 continue being a significant cash flow generating Company.

Forward-Looking Statements

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the Company's anticipated performance in 2021. 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.*

Non-IFRS Measures

This news release may contain references to 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.

Management uses adjusted EBITDA and free cash flow as measures of operating performance to assist in assessing the Company's ability to generate liquidity through operating cash flow to fund future working capital needs and to fund future capital expenditures, as well as to assist in comparing financial performance from period to period on a consistent basis. Management uses adjusted net income in order to facilitate an understanding of the Company's financial performance prior to the impact of non-recurring or special items. The Company believes that these measures are used by and are useful to investors and other users of the Company's financial statements in evaluating the Company's operating and cash performance because they allow for analysis of its financial results without regard to special, non-cash and other non-core items, which can vary substantially from company to company and over different periods.

The Company defines adjusted EBITDA as income from mine operations, net of administration costs, and before interest, taxes, non-cash charges/(income), intercompany charges and finance costs. The Company defines adjusted net income as net income before special items. Special items are items of income and expense that are presented separately due to their nature and, in some cases, expected infrequency of the events giving rise to them. A reconciliation between adjusted EBITDA and adjusted net income, on the one hand, and consolidated net income, on the other hand, is included in the MD&A.

The Company defines free cash flow as a measure of the Corporation's ability to generate and manage liquidity. It is calculated starting with the net cash flows from operating activities (as per IFRS) and then subtracting capital expenditures and lease payments. Refer to Section 1.2 of MD&A for a reconciliation between free cash flow and net cash flows from operating activities.

For Costerfield, saleable equivalent gold ounces produced is calculated by adding to saleable gold ounces produced, the saleable antimony tonnes produced times the average antimony price in the period divided by the average gold price in the period. The total cash operating cost associated with the production of these saleable equivalent ounces produced in the period is then divided by the saleable equivalent gold ounces produced to yield the cash cost per saleable equivalent ounce produced. The cash cost excludes royalty expenses. Site all-in sustaining costs include total cash operating costs, sustaining mining capital, royalty expense, accretion and depletion. Sustaining capital reflects the capital required to maintain each site's current level of operations. The sites the all-in sustaining cost per ounce of saleable gold equivalent in a period equals the all-in sustaining cost divided by the saleable equivalent gold ounces produced in the period.

For Björkdal, the total cash operating cost associated with the production of saleable gold ounces produced in the period is then divided by the saleable gold ounces produced to yield the cash cost per saleable gold ounce produced. The cash cost excludes royalty expenses. Site all-in costs include total cash operating costs, royalty expense, accretion, depletion, depreciation and amortization. Site all-in sustaining costs include total cash operating costs, sustaining mining capital, royalty expense, accretion and depletion. Sustaining capital reflects the capital required to maintain each site's current level of operations. The sites the all-in sustaining cost per ounce of saleable gold equivalent in a period equals the all-in sustaining cost divided by the saleable equivalent gold ounces produced in the period.

For the Company as a whole, cash cost per saleable gold equivalent ounce is calculated by summing the gold equivalent ounces produced by each site and dividing the total by the sum of cash operating costs at the sites. Consolidated cash cost excludes royalty and corporate level general and administrative expenses. This definition was updated in the third quarter of 2020 to exclude corporate general and administrative expenses to better align with industry standard. All-in sustaining cost per saleable ounce gold equivalent in the period equals the sum of cash costs associated with the production of gold equivalent ounces at all operating sites in the period plus corporate overhead expense in the period plus sustaining mining capital, royalty expense, accretion, depletion, depreciation and amortization, divided by the total saleable gold equivalent ounces produced in the period. A reconciliation between cost of sales and cash costs, and also cash cost to all-in sustaining costs are included in the MD&A.

For Further Information:

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