



Mandalay Resources Corporation Announces Sale of Cerro Bayo Mine to Equus Mining

TORONTO, ON, October 12, 2021 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) announced today that Equus Mining Limited ("Equus") (ASX:EQE) has exercised its option to purchase Mandalay's Cerro Bayo mine in Region XI, Southern Chile. Mandalay originally granted Equus the option to purchase Cerro Bayo in October 2019, pursuant to a binding option agreement (see Mandalay press release dated October 8, 2019).

Pursuant to the transaction, which is scheduled to be completed on December 1, 2021, Equus will acquire the Cerro Bayo mine, including its mining properties, resources and mine infrastructure as well as a 1,500 tonnes per day processing plant, in exchange for 19% of Equus' share capital and a 2.25% net smelter royalty on production from the Cerro Bayo mining claims once the mine has produced at least 50,000 ounces of gold equivalent, subject to a re-purchase option in favour of Equus. Equus will also assume 50% of approved site closure costs at Cerro Bayo, with Mandalay responsible for the remaining 50%. Completion of the transaction remains subject to the satisfaction of certain conditions, including the receipt of Equus shareholder approval. In addition, Equus will appoint Ryan Austerberry, Mandalay's Costerfield mine General Manager, to the Board of Equus as a non-executive director representing Mandalay.

For Further Information:

Dominic Duffy
President and Chief Executive Officer

Edison Nguyen
Manager, Analytics and Investor Relations

Contact:
647.260.1566

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. 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, 2021, 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.