

# Mandalay Resources Corp.

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## Mackie hails Mandalay Resources' 'outstanding potential' for growth; initiates coverage with C\$2.70 target

Mackie Research Corporation is initiating coverage on Mandalay Resources Corp (TSE:MND) (OTCMKTS:MNDJF) with a Speculative Buy rating, citing the gold miner's "outstanding potential" for growth.

The research firm set a C\$2.15 price target on Mandalay's stock, which was trading at C\$0.76 in Canada on Friday morning.

Toronto-based Mandalay produced 69,000 ounces of gold at a cash cost of just above US\$1,000 per ounce this year from its Costerfield and Bjorkdal mines in Australia and Sweden.

### READ: Mandalay Resources Corp eyeing positive momentum in 2020 as Australia mine conditions hit third-quarter output

The miner is expecting to boost production to over 99,000 ounces in 2020 and 125,000 ounces in 2021, with Costerfield's production set to double by 2021.

Mandalay should have a "strong exit" to 2019, according to Mackie's Friday note. "In July, MND announced a cessation of open-pit mining operations at its Bjorkdal mine in Sweden, followed in September by on-vein development of the high-grading Youle zone at the Costerfield mine in Australia."

"As a result, we expect Q4 to mark an end to back-to-back quarterly disappointments, with estimated production to top 18,000oz at a total cash cost of US\$893/oz, net of antimony credits."

### Blue sky potential

Grades at Costerfield should also help to drive the company's growth, Mackie wrote, with production rates in the Youle deposit expected to reach targeted run rates of 450 tons per day.

"Prior to then, we expect higher reserve grades in the upper levels of that zone, where initial development is focused, to lift grades above the average mined since 2018, when the Brunswick lode was brought on stream," Mackie wrote.

At Bjorkdal in Sweden, reserves are "an order of magnitude" larger than those at Costerfield, allowing for bulk tonnage mining and an expanded mine life. Mackie said it expects the cessation of open-pit mining to help mitigate operating costs, allowing for modest production growth as higher-grading ore is increasingly fed to the mill.

Increased gold production is only part of Mackie's enthusiasm, however, as the research firm sees blue sky in the firm's exploration potential.

Mackie wrote that recent exploration results also lend support to a possible extension of (production) growth, marking Mandalay as a "turnaround in the making and one of the more overlooked producers in the junior gold space."

**Price:** 1.59

**Market Cap:** \$145.05 m

### 1 Year Share Price Graph



December 2019 June 2020 December 20

### Share Information

**Code:** MND

**Listing:** TSX

<b>52 week</b>	<b>High</b>	<b>Low</b>
	2.12	0.46

**Sector:** Gold & silver

**Website:** [www.mandalayresources.com](http://www.mandalayresources.com)

### Company Synopsis:

*Mandalay Resources creates exceptional shareholder value through the acquisition of undervalued assets that can rapidly become cash generative, self fund exploration, establish and maintain high operating margins and return cash to shareholders within a planned period of time.*

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