

Mandalay Resources Corp.

13:00 21 Feb 2020

Mandalay Resources sees sustainable growth and profitability ahead after 'challenging' full year

Metals miner Mandalay Resources Corp (TSE:MND) (OTCMKTS:MNDJF) told investors that full-year 2019 was 'challenging' but the fourth quarter to end December saw significant improvement as grades improved and production was boosted.

The company operates mines in Sweden (Björkdal) and Australia (Costerfield) and produces gold, silver and antimony.

READ: Mandalay Resources says it's in a "very good" position heading into 2020

"The company's 2019 financial performance was adversely impacted by operational challenges from the Brunswick vein at Costerfield," said Dominic Duffy, the chief executive at Mandalay in a statement.

"Despite this, the fourth quarter of 2019 saw significant improvements in processed grades as production from the Youle vein increased, averaging 6.9 g/t gold and 3.6% antimony over the quarter and 8.5 g/t gold and 3.9% antimony over December," he added.

"The company is encouraged with the grades encountered at Youle to date, confirming the vein to be extremely high-grade, and able to be the catalyst for substantial improvement at Costerfield."

For the group, the fourth-quarter net loss was C\$5.3 million, down from a loss of C\$31.2 million in the same quarter of 2018, on revenue of C\$22.7 million, unchanged from the figure in the fourth quarter of 2018.

For the full-year, the miner generated revenue of C\$107.8 million and adjusted EBITDA (underlying earnings) of C\$18.8 million. The consolidated net loss for the year was C\$18.6 million, down from a loss of C\$63.7 million in 2018.

Of this consolidated net loss for 2019, C\$5 million was related to the non-cash write-down of several of the firm's non-core assets, Mandalay noted.

Meanwhile, over at the Swedish mine, production and sales were stable, generating C\$23 million in adjusted EBITDA for 2019, Mandalay added.

Increase of ounces sold

"The increase in revenue year-over-year was aided by the higher levels of ounces sold and stronger realized gold prices. Considerable strides were made at site in reducing overall costs. Full year 2019 cash and all-in costs were US\$945 and US\$1,205 per ounce of gold produced, a reduction of around 18% for both compared to 2018," it said.

On non-core assets, the firm completed option agreements in the year for Cerro Bayo and Challacollo (Chile), the sale of Challacollo concessions to third parties, and the sale of the Ulu project in Nunavut, it revealed.

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

52 week	High	Low
	2.12	0.46

Sector: Gold & silver

Website: 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.

action@proactiveinvestors.com

The Lupin project in Canada remains on a path to full closure, funded by the existing reclamation security, it said.

Mandalay ended the year with cash of C\$24.5 million and is in talks with lenders over a potential new senior credit facility. It is expecting to have an announcement to the market on this in due course, the firm added.

On Friday, Mandalay also updated its resource and reserves estimates for the Costerfield and Björkdal mines as at the end of 2019.

Proven and probable reserves totaled 816,000 ounces of gold and 17,800 tonnes of antimony, compared to 824,000 ounces gold and 17,200 tonnes of antimony at the end of 2018.

"At Costerfield, we were pleased to increase Mineral Reserves net of depletion for production in 2019 as contained gold and antimony increased by 13% and 3%, respectively," Duffy told investors.

By year-end 2019, the site exploration team had completed 6.8 kilometres of diamond drilling to test the extensions of the Youle ore body, and 2.8 kilometres of diamond drill core was drilled from the Costerfield Deeps project.

There was a small net reduction in reserves from 2019 depletion at Björkdal, predominantly from a 35,000 ounces of gold reduction from the open pit, added the company boss.

"This can be attributable to a shift in strategy with resources directed towards infill-drilling of the underground Aurora deposit, and the pausing of open pit mining during July 2019.

"Excluding the open pit reduction, Björkdal increased its underground reserves by 5,000 ounces of gold net of 2019 depletion. During 2019, the underground operations completed 5,621 metres of on-vein development, which was mapped and sampled in accordance with our grade control protocols."

"Over the last two years, our mineral reserves have remained relatively unchanged net of depletion, but we have grown our mineral resources, underpinning the strength of our core assets," he concluded.

Mandalay shares in Toronto gained 8.5% to C\$1.15 in early deals, before dropping back to C\$1.09, up 2.83%.

Contact the author at giles@proactiveinvestors.com

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of Mandalay Resources Corp. named herein, including the promotion by the Company of Mandalay Resources Corp. in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).