

Mandalay Resources Corp.

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Mandalay Resources making headway as Australian mine shows continued promise

Metals miner Mandalay Resources Corp (TSE:MND) has made steady progress in 2018 and is confident it will reach its production guidance of between 101,000 and 113,000 gold equivalent ounces for the full year.

No mean feat for the company after a challenges of 2017, and against a backdrop of a firming gold price environment.

Not that this company is all about gold. This is no one trick pony as it also produces silver and antimony from its two mines, which are in Sweden and Australia.

Keep your eyes on Costerfield..

Recent excitement has centered around potential future output at its Australian mine. It purchased Costerfield in Victoria in 2009 and quickly ramped up to a planned production rate of 5,000 tpm (tonnes per month) by the end of 2010. Output has remained steady since 2013 of 10 -12,000 tonnes per month.

After exploiting the Cuffley and Augusta lodes, it now has the Youle vein in its sights, where recent drilling has shown that mineralization continues at depth.

The known strike of the Youle vein extends 600 metres and has a vertical depth of 150 metres.

"The high grades, along with the fact that the Youle vein is in relatively close proximity to where we are currently mining, provides good potential for it to be the next viable ore source for Mandalay at Costerfield," Dominic Duffy, president and chief executive of Mandalay recently told investors.

He was formerly the group's chief operating officer Dominic Duffy and took the helm when Dr Mark Sander resigned.

Duffy highlighted that Youle had the "strong potential" to continue Mandalay's trend of continuous mineral reserve replacement at Costerfield over the past eight years.

WATCH: Mandalay Resources delivers consistent, high-grade drill results from Costerfield project in Australia

A transitional production and sales quarter..

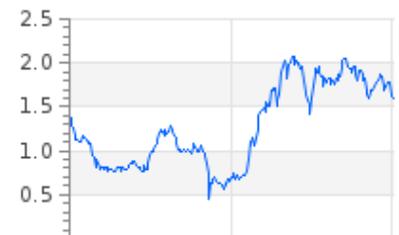
On July 11, the miner posted its results for the second quarter, which saw it produce 22,348 saleable ounces of gold equivalent and sold 22,052 ounces of gold equivalent.

Mandalay began to transition production into the Brunswick lode at Costerfield and over the next two quarters, it expects to see production lift at both Bjorkdal in Sweden and Costerfield in Australia, the latter due to higher grades.

Price: 1.5

Market Cap: \$136.78 m

1 Year Share Price Graph



September 2019 March 2020 September 2020

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.

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Bjorkdal produced 14,017 ounces of gold and Mandalay is in the process of adding automation controls to the processing plant, and the company said it was beginning to see additional recovery improvements of around 1% as the circuit stabilizes.

At the Costerfield mine, 8,331 gold equivalent ounces were generated in the second quarter.

So what are the assets?

The company bought the Björkdal gold mine in Sweden in 2014, and has operated the Costerfield gold-antimony mine in Victoria, Australia, since 2009.

Its other main production asset is the Cerro Bayo silver gold mine in Chile, which is currently on care and maintenance after production was suspended last June 9 after flooding beset the Delia NW mine area.

Mandalay shares are unchanged at C\$0.19 on the day.

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