

Mandalay Resources Corp.

03:21 18 Apr 2019

Mandalay Resources eyeing significant growth at its producing mines after strengthening finances

- Metals miner positioning for a renewed future
- Holds producing assets with exploration upside
- New financing will address liquidity and growth
- Over 100% increase in production planned by 2021 at Australia mine

What does Mandalay Resources Corp do?

Mandalay Resources Corp (TSE:MND) is a metals miner (gold, silver, antimony) with producing mines in Sweden (Björkdal), Australia (Costerfield). Production at the Cerro Bayo mine on Chile is currently suspended following a flooding in 2017. The permitting process for a restart is in train.

Mandalay has also inked a non-binding letter of intent (LOI) with Aftermath Silver to buy its Challacollo feasibility stage project in Chile.

Its production guidance across the group for 2019 shows improved output and costs versus 2018.

It expects to produce between 91,000 and 107,000 ounces of gold equivalent at all-in-costs of \$1,130 and \$1,280 per ounce gold. That compares to 81,568 ounces of gold equivalent last year at \$1,537 per ounce of the yellow metal.

New financial footing

In February this year, the Toronto-headquartered firm unveiled a C\$43 million offering from the sale of 359.4 million subscription receipts at \$0.12 each as well as a US\$8 million convertible bridge loan from an affiliate of CE Mining. Shareholders approved the financing and the funds have now been received.

Mandalay told investors it would now not only meet all of its liquidity requirements, but it now had the financial footing to grow both production and exploration profiles.

"We are focused on putting these funds to work to improve on operations...", it said, adding it aimed to return to being a profitable, producing mining company by the end of this year (2019).

The cash will be used for capital development work at its Costerfield mine in Australia, and tailings upgrade and development requirements at Bjorkdal in Sweden.

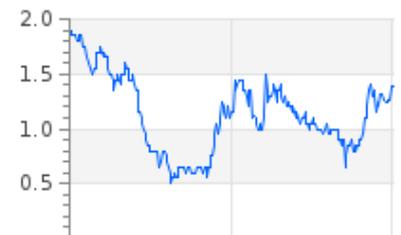
Major increases planned at Costerfield

The Australia mine generated 35,849 ounces of gold equivalent in 2018 and output is expected to more than double by 2021. A top priority for this year is accelerating the development of the so-called high-grade Youle lode, which is expected to be in operation by the second half this year. The Youle lode had proven and probable reserves of 267,000 tonnes at 14.1 g/t gold as at December 1 last year. Overall, proved and probable reserves at the Costerfield site are 537,000 tonnes at 10.4 g/t of gold.

Price: C\$1.39

Market Cap: C\$126.55M

1 Year Share Price Graph



July 2018 January 2019 July 2019

Share Information

Code: MND

Listing: TSX

52 week **High** **Low**
 C\$1.90 C\$0.45

Sector: General Mining - Gold

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.

Author:

Proactive Investors Australia

+61 (0)2 9280 0700

action@proactiveinvestors.com.au

Youle lies 800 meters (m) north of the Brunswick lode, from which Mandalay also hopes to ramp up production this year.

Björkdal mine ramping up too

Mandalay has big plans this year for the Swedish mine too. Its discovery of the Aurora zone provides the potential to mine high and higher-grades at lower costs. Mineralization here is open in all directions and two levels at this accessible zone are now being developed. The Aurora zone is significantly wider and at a consistently higher-grade than current mill feed.

In February, the firm said that as of a drilling cut-off date of September 30, 2018, the amount added from the Aurora discovery was 765,000 tonnes at 3.16 grams/tonne (g/t) gold for approximately 78,000 ounces of gold in the higher confidence indicated resource category and 206,000 tonnes at 3.37 g/t gold for 22,000 ounces in the inferred resource category.

And the signs are promising. Last week, it reported that gold production at Björkdal had increased in the first quarter of 2019, as the group began mining higher-grade underground ore.

Output was up nearly 1,700 ounces of gold compared to the same quarter last year, with around 14,300 ounces of gold output versus 12,700 during the year-ago period.

"Mandalay's consolidated production was a significant improvement on recent quarters, due in large part to a strong quarter at Björkdal, where trucking and haulage of higher-grade underground material returned to expected levels following the arrival of the entire underground haulage fleet," said Dominic Duffy, Mandalay's CEO.

"We expect the higher production levels at Björkdal to remain stable for the remainder of 2019," he added.

Successful first quarter

In the results statement, chief executive Duffy summed up: "We view the first quarter as an excellent start to 2019. Our performance during the quarter marks the second consecutive quarter of operational improvement, as consolidated production and sales increased by approximately 15 per cent and 25 per cent, respectively, in the first quarter of 2019, versus the fourth quarter of 2018."

Potential inflection points

Bringing Youle lode at Costerfield into production

Increasing volume of high-grade underground feed at Björkdal and new exploration

More finds at Costerfield like Youle deposit

Investigating options for Challacollo asset and Cerro Bayo

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 +61 (0)2 9280 0700 action@proactiveinvestors.com.au

No investment advice

The information on this Site is of a general nature only. It does not take your specific needs or circumstances into consideration, so you should look at your own financial position, objectives and requirements and seek financial advice before making any financial decisions. You acknowledge and understand that neither the Company, its related bodies corporate, the information providers or their affiliates will advise you personally about the nature, potential value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter. You should read our FSG and any other relevant disclosure documents and if necessary seek persona advice prior to making any investment decision.

You understand and agree that no Content (as defined below) 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 in certain circumstances the Company, its related bodies corporate, the information providers or their affiliates may have received, or be entitled to receive, financial or other consideration in connection with promoting, and providing information about, certain entities on the Site and in communications otherwise provided to you.

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.

Before you act on any general advice we provide, please consider whether it is appropriate for your personal circumstances.