MANDALAY RESOURCES CORPORATION ANNOUNCES FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2019

TORONTO, ON, May 14, 2019 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) today announced its financial results for the quarter ended March 31, 2019.

The Company's condensed and consolidated interim financial results for the quarter ended March 31, 2019, together with its Management's Discussion and Analysis ("MD&A") for the corresponding period, can be accessed under the Company's profile on www.sedar.com and on the Company's website at www.mandalayresources.com. All currency references in this press release are in U.S. dollars except as otherwise indicated.

For the first quarter of 2019, the Company generated revenue of $29.9 million, adjusted EBITDA of $5.2 million and a consolidated net loss of $1.3 million, or $0.00 loss per share.

Commenting on the results, Dominic Duffy, President and CEO of Mandalay, noted, "Mandalay's financial and operational performance in the first quarter of 2019 marks a significant improvement over the past several quarters. On a revenue, adjusted EBITDA, and adjusted net income basis, Mandalay's first quarter 2019 results are stronger than the three quarters that preceded it. Mandalay's financial results from the first quarter of 2019 show that the Company is steadily turning around its financial position. This improved performance comes as a result of Mandalay working through, and overcoming, several operational challenges that it faced in 2018."

Mr. Duffy added, "The financial improvements were largely attributable to Björkdal's increased production results. The Björkdal mine benefited from a full quarter of having the new underground haulage fleet on site and produced 14,385 ounces of gold. Gold production from Björkdal in the first quarter of 2019 exceeded our expectations and was the highest gold production quarter since its record fourth quarter of 2017. We expect the higher production rates at Björkdal to remain stable for the remainder of 2019."

Mr. Duffy continued, "At Costerfield, gold equivalent production was lower compared to both the fourth quarter of 2018 and the first quarter of 2018, which was the result of lower gold and antimony grades mined and processed. We expect production rates to remain constant at Costerfield until we begin producing from the higher-grade Youle lode towards the end of 2019. Development at Youle is proceeding well, and we continue to expect that we will begin producing from Youle in the fourth quarter of 2019."

Mr. Duffy concluded, "Mandalay also completed a major financial transaction and significantly strengthened our cash position and balance sheet in the first quarter of 2019 as we completed a C$54 million financing (see Mandalay press releases February 20 and March 29, 2019). This financing gives us a considerably improved cash balance, and we ended the first quarter of 2019 with $37.0 million in cash and cash equivalents compared to $8.4 million at December 31, 2018 and $23.4 million at March 31, 2018. We intend to use the net proceeds of this financing to fund working capital requirements, potential debt restructuring and a cash reserve for our gold-exchangeable bonds, planned exploration at high potential areas at both operations, and general corporate purposes. We have recently commenced the planned exploration activities at Costerfield and Björkdal and look forward to providing an exploration update in due course."

First Quarter 2019 Financial Summary

The following table summarizes the Company's financial results for the three months ended March 31, 2019; December 31, 2018 and March 31, 2018:

	Three months Ended March 31, 2019	**Three months Ended December 31, 2018**	**Three months Ended March 31, 2018**
	$'000	**$'000**	**$'000**
Revenue	29,916	22,711	39,747
Cost of sales	23,393	23,799	25,820
Adjusted EBITDA*	5,247	(1,893)	12,134
Income from mine ops before depreciation, depletion	6,523	(1,088)	13,927
Adjusted net loss before special items*	(459)	(11,475)	939
Consolidated net loss	(1,334)	(31,299)	(1,237)
Capital expenditure	7,412	15,998	11,310
Total assets	266,233	237,703	299,078
Total liabilities	136,643	141,567	134,418
Adjusted net loss per share*	(0.00)	(0.03)	(0.00)
Consolidated net loss per share	(0.00)	(0.07)	(0.00)

*Adjusted EBITDA, adjusted net loss before special items and adjusted net loss per share are non-IFRS measures, defined at the end of this press release "Non-IFRS Measures".

In the first quarter of 2019, Mandalay sold 6,144 fewer gold equivalent ounces than in the first quarter of 2018. In the same period the Company's realized gold price declined 4% quarter-over-quarter, while the realized price of antimony declined by 14%. The net effect is that Mandalay's revenue of $29.9 million in the first quarter of 2019 was $9.8 million lower than in the first quarter of 2018.

Cash cost per ounce in the first quarter of 2019 was broadly in line compared to the prior year quarter. Cost of sales during the first quarter of 2019 versus the first quarter of 2018 were $1.4 million lower at Costerfield and $1.0 million lower at Björkdal. Consolidated general and administrative costs decreased by $0.5 million across the Company.

Mandalay generated adjusted EBITDA of $5.2 million in the first quarter of 2019, versus adjusted EBITDA of $12.1 million in the first quarter of 2018. This led to a consolidated net loss of $1.3 million for the first quarter of 2019, versus a loss of $1.2 million in the first quarter of 2018.

Mandalay ended the first quarter of 2019 with $37.0 million in cash and cash equivalents and subsequently received an additional C$3.2 million on April 18, 2019 as a result of a reduction in the Lupin reclamation bond requirements.

First Quarter 2019 Operational Summary

The table below summarizes the Company's capital expenditures and operational unit costs for the three months ended March 31, 2019 and 2018 and three months ended December 31, 2018:

		Three months ended March 31, 2019	Three months ended December 31, 2018	Three months ended March 31, 2018
		$'000	$'000	$'000
Björkdal				
	Gold produced (oz)	14,385	10,482	12,716
	Cash cost* per oz gold produced	$921	$1,497	$1,094
	All-in cost* per oz gold produced	$1,202	$1,794	$1,387
	Capital development	1,715	2,229	2,934
	Property, plant and equipment purchases	958	7,906	2,975
	Capitalized exploration	105	266	305
Costerfield				
	Gold produced (oz)	4,105	4,948	6,587
	Antimony produced (t)	575	560	605
	Gold equivalent produced (oz)	7,555	8,691	10,456
	Cash cost* per oz gold eq. produced	$1,081	$962	$869
	All-in cost* per oz gold eq. produced	$1,493	$1,391	$1,326
	Capital development	3,142	2,478	2,116
	Property, plant and equipment purchases	1,240	1,498	1,634
	Capitalized exploration	70	1,141	1,070
Consolidated				
	Gold equivalent produced (oz)	21,940	19,173	23,172
	Cash cost* per oz gold eq.	$1,072	$1,311	$1,060
	All-in cost* per oz gold eq.	$1,412	$1,709	$1,463
	Capital development	4,857	4,708	5,050
	Property, plant and equipment purchases	2,198	9,404	4,609
	Capitalized exploration**	357	1,886	1,651

*Cash cost and all-in cost are non-IFRS measures. See "Non-IFRS Measures" at the end of this press release.
**Includes capitalized exploration costs relating to other non-core assets.

Björkdal gold mine, Sweden

Björkdal produced 14,385 ounces of gold in the first quarter of 2019 with per ounce cash and all-in costs of $921 and $1,202, respectively, compared to cash and all-in costs of $1,497 and $1,794, respectively, in the fourth quarter of 2018, and cash and all-in costs of $1,094 and $1,387, respectively, in the first quarter of 2018.

Costerfield gold-antimony mine, Victoria, Australia

Costerfield produced 4,105 ounces of gold and 575 tonnes of antimony for 7,555 gold equivalent ounces in the first quarter of 2019. Due to the lower gold equivalent ounces produced, per ounce cash and all-in costs at Costerfield rose to $1,081 and $1,493, respectively, compared to cash and all-in costs of $962 and $1,391, respectively, in the fourth quarter of 2018, and cash and all-in costs of $869 and $1,326, respectively, in the first quarter of 2018.

Cerro Bayo silver-gold mine, Patagonia, Chile

No production occurred at Cerro Bayo in the first quarter of 2019 and it remained on care and maintenance through the period. In the first quarter of 2019, the Company spent $0.9 million on care and maintenance expenses at Cerro Bayo compared to $2.2 million in the first quarter of 2018.

Challacollo, Chile

On August 1, 2018, the Company announced that it had entered into a non-binding letter of intent with Aftermath Silver Ltd., pursuant to which Aftermath Silver would acquire Minera Mandalay Challacollo Limitada, a wholly-owned subsidiary of the Company which owns the Challacollo project, in exchange for total consideration of C$11.6 million (see Mandalay August 1, 2018 press release for more detail).

In addition, on November 28, 2018 the Company signed a binding agreement with a third party for the acquisition of certain easement properties which comprise part of the Challacollo property. Total consideration is expected to be $2.0 million net of payments due to the holders of royalties and other encumbrances on these concessions.

La Quebrada

The La Quebrada copper-silver project in central Chile remained held for sale throughout the period. Spending at La Quebrada was less than $0.1 million during the first quarter of 2019.

Lupin and Ulu

Care and maintenance spending at Lupin and Ulu was less than $0.1 million during the first quarter of 2019 compared to less than $0.1 million in the prior year quarter. Reclamation spending at Lupin and Ulu was $0.7 million during the first quarter of 2019 compared to $0.3 million in the prior year quarter.

On December 21, 2018, the Nunavut Water Board reached a decision to recommend that the Letter of Credit that has been posted by Mandalay as security for its reclamation obligations in respect of the Lupin mine be reduced by C$3.2 million. On January 28, 2019, this recommendation was approved by the Minister of Indigenous and Northern Affairs and the Company received these funds on April 18, 2019. After this approval, the total bond outstanding is C$26.1 million. Mandalay has successfully received bond reductions of approximately C$8 million since the start of its final closure process.

Conference Call

Mandalay's management will be hosting a conference call for investors and analysts on May 15, 2019 at 8:00 am (Toronto time).

Analysts and interested investors are invited to participate using the following dial-in numbers:

Participant Number:	(201) 689-8341
Participant Number (Toll free):	(877) 407-8289
Conference ID:	13690795

A replay of the conference call will be available until 11:59 pm (Toronto time), May 29, 2019 and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number:	(877) 660-6853
Encore ID:	13690795

For Further Information:

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About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia and Sweden, and care and maintenance and development projects in Chile. The Company is focused on growing production at its gold and antimony operation in Australia, and gold production from its operation in Sweden to generate near-term cash flow.

Forward-Looking Statements

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements regarding guidance as to anticipated gold and antimony production and production costs in the future. 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 28, 2019 and Mandalay's prospectus supplement dated February 12, 2019, copies of which are 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.*

Non-IFRS Measures

This news release may contain references to adjusted EBITDA, adjusted net income, cash and all-in cost per saleable ounce of gold equivalent produced, all of which are non-IFRS measures and do not have standardized meanings under IFRS. Therefore, these measures may not be comparable to similar measures presented by other issuers.

Management uses adjusted EBITDA as a measure of operating performance to assist in assessing the Company's ability to generate liquidity through operating cash flow to fund future working capital needs and to fund future capital expenditures, as well as to assist in comparing financial performance from period to period on a consistent basis. Management uses adjusted net income in order to facilitate an understanding of the Company's financial performance prior to the impact of non-recurring or special items. The Company believes that these measures are used by and are useful to investors and other users of the Company's financial statements in evaluating the Company's operating and cash performance because they allow for analysis of its financial results without regard to special, non-cash and other non-core items, which can vary substantially from company to company and over different periods.

The Company defines adjusted EBITDA as income from mine operations, net of general and administrative costs, and before interest, taxes, non-cash charges/(income), intercompany charges and finance costs. A reconciliation between adjusted EBITDA and net income is included in the MD&A.

For Costerfield, saleable equivalent gold ounces produced is calculated by adding to saleable gold ounces produced, the saleable antimony tonnes produced times the average antimony price in the period divided by the average gold price in the period. The total cash operating cost associated with the production of these saleable equivalent ounces produced in the period is then divided by the saleable equivalent gold ounces produced to yield the cash cost per saleable equivalent ounce produced. The cash cost excludes royalty expenses. Site all-in costs include total cash operating costs, royalty expense, accretion, depletion, depreciation and amortization. The site all-in cost is then divided by the saleable equivalent gold ounces produced to yield the site all-in cost per saleable equivalent ounce produced.

For Björkdal, the total cash operating cost associated with the production of saleable gold ounces produced in the period is then divided by the saleable gold ounces produced to yield the cash cost per saleable gold ounce produced. The cash cost excludes royalty expenses. Site all-in costs include total cash operating costs, royalty expense, accretion, depletion, depreciation and amortization. The site all-in cost is then divided by the saleable gold ounces produced to yield the site all-in cost per saleable gold ounce produced.

For the Company as a whole, cash cost per saleable gold equivalent ounce is calculated by summing the gold equivalent ounces produced by each site and dividing the total by the sum of cash operating costs at the sites plus corporate overhead spending.