



MANDALAY RESOURCES

Mandalay Resources Announces Updated Mineral Resources and Reserves at its Björkdal Gold Mine

TORONTO, ON, February 21, 2019 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce an updated Mineral Resources and Reserves estimate for its Björkdal gold mine in Sweden as at December 31, 2018.

The Company approximately replaced depletion for production at the Björkdal mine in 2018 while Measured and Indicated Mineral Resources for contained gold increased slightly. The Company maintains a 10-year mine life at Björkdal.

Details of the Mineral Resources and Reserves estimate at Björkdal are included in the notes below each table. The estimate was prepared by Roscoe Postle Associates Inc. ("RPA"). The year-end 2018 estimate of Mineral Resources and Reserves for Björkdal will be fully documented in a technical report prepared in accordance with National Instrument 43-101 ("NI 43-101") to be filed on www.sedar.com and the Mandalay website www.mandalayresources.com within 45 days of this press release. All dollar amounts in this press release are in U.S. dollars unless otherwise noted.

Dominic Duffy, President and CEO of Mandalay, commented, "We are pleased to have replaced depletion at Björkdal and maintained the operation's 10-year mine life. In 2018, the focus of Mandalay's exploration strategy at Björkdal shifted from adding ounces and extending mine life to discovering higher-grade ore sources that would improve mine economics. This shift in exploration focus yielded very exciting results, as late last year the Company announced the discovery of the Aurora zone which has shown to be a significantly wider structure containing higher average grades than current production, with extensions up and down dip which are currently unconstrained (see Mandalay's November 14, 2018 press release)."

Mr. Duffy continued, "Initial Mineral Resources and Reserves for the Aurora structure were very encouraging. As of the drilling cut off date for our updated Mineral Resources and Reserves estimate of September 30, 2018, so far the Mineral Resources added from the Aurora discovery amounted to 765,000 tonnes @ 3.16 g/t Au for approximately 78,000 ounces of gold in the Indicated Resource category and 206,000 tonnes @ 3.37 g/t Au for 22,000 ounces of gold in the Inferred Resource category. We also added Mineral Reserves from Aurora of 920,000 tonnes @ 2.34 g/t Au for 69,000 gold ounces. We expect that Aurora will contribute additional Mineral Reserves and Resources to Björkdal in 2019 based on existing drilling data that has not yet been incorporated into the estimate. Further drilling has occurred on the Aurora structure since the cut off date and is scheduled to continue over the course of 2019, as we focus on extensional drilling up and down dip as well as to the east. We also plan to drill from the surface to test up dip extension to the Aurora structure, as well as to test prospective zones surrounding Aurora, where no exploration has occurred to date."

Mr. Duffy concluded, "The search for higher-grade material at Björkdal has also identified the smaller but high-grade Lake Zone Skarn Inferred Resource of 57,000 tonnes @ 7.63 g/t Au for approximately 14,000 gold ounces as of the drilling cut off date. Exploration during 2019 will also focus on identifying other high-grade skarn mineralization pockets."

Table 1: Mineral Resources at Björkdal, Inclusive of Mineral Reserves, as of December 31, 2018 and December 31, 2017

2018				
Category	Area	Tonnage (kt)	Au Grade (g/t)	Contained Au (koz)
Indicated Resources				
	Björkdal Open Pit	2,974	2.30	218
	Björkdal Underground	7,416	2.98	711
	Norrberget Open Pit	144	3.29	15
	Stockpile	2,700	0.64	56
Total Indicated		13,207	2.36	1,000
Inferred Resources				
	Björkdal Open Pit	2,516	1.32	107
	Björkdal Underground	1,922	2.63	162
	Norrberget Open Pit	3	4.03	1
Total Inferred		4,441	1.89	271
2017				
Category	Area	Tonnage (kt)	Au Grade (g/t)	Contained Au (koz)
Indicated Resources				
	Björkdal Open Pit	3,589	2.08	240
	Björkdal Underground	6,782	3.03	660
	Norrberget Open Pit	144	3.29	15
	Stockpile	2,383	0.64	49
Total Indicated		12,898	2.33	964
Inferred Resources				
	Björkdal Open Pit	2,368	1.26	96
	Björkdal Underground	2,455	2.34	184
	Norrberget Open Pit	3	4.03	1
Total Inferred		4,826	1.81	281

Notes:

1. Björkdal Mineral Resources are estimated using drill hole and sample data as of September 30, 2018, and depleted for production through December 31st, 2018. Norrberget Mineral Resources are based on a data cutoff date of October 4, 2017.
2. CIM definitions (2014) were followed for Mineral Resources.
3. Mineral Resources are inclusive of Mineral Reserves.
4. Mineral Resources are estimated using an average Au price of \$1,400/oz. and an exchange rate of 9.0 SEK/US\$.
5. Bulk density is 2.74 t/m³.
6. High gold assays were capped to 30 g/t Au for the open pit mine.
7. High gold assays for the underground mine were capped at 60 g/t Au for the first search pass and 40 g/t Au for subsequent passes.
8. High gold assays at Norrberget were capped at 24 g/t Au.

9. Interpolation was by inverse distance cubed utilizing diamond drill, reverse circulation and chip channel samples.
10. Open pit Mineral Resources are estimated at a cut-off grade of 0.35 g/t Au and constrained by the resource pit design.
11. Underground Mineral Resources are estimated at a cut-off grade of 0.95 g/t Au.
12. A nominal two metres minimum mining width was used to interpret veins using diamond drill, reverse circulation, and underground chip sampling.
13. Reported Mineral Resources are exclusive of previously mined underground development and stopes.
14. Stockpile Mineral Resources are estimated at a cut-off grade of 0.40 g/t Au and are based upon surveyed volumes supplemented by production data.
15. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
16. Numbers may not add due to rounding.
17. The Independent Qualified Person for the Björkdal Mineral Resource estimate is Reno Pressacco, P.Geo., Principal Geologist with RPA, who is a Qualified Person as defined by NI 43-101. The Independent Qualified Person for the Norrberget Mineral Resource estimate is Jack Lunnon, CGeol, Senior Geologist with RPA, who is a Qualified Person as defined by NI 43-101.

Table 2: Mineral Reserves at Björkdal, as of December 31, 2018

2018				
Category	Area	Tonnage (kt)	Au Grade (g/t)	Contained Au (koz)
Probable				
	Björkdal Open Pit	3,768	1.23	149
	Björkdal Underground	4,754	2.36	360
	Norrberget Open Pit	162	2.80	15
	Stockpile	2,700	0.64	56
Total Probable		11,384	1.58	580
2017				
Category	Area	Tonnage (kt)	Au Grade (g/t)	Contained Au (koz)
Probable				
	Björkdal Open Pit	4,537	1.30	189
	Björkdal Underground	4,321	2.41	334
	Norrberget Open Pit	162	2.80	15
	Stockpile	2,383	0.64	49
Total Probable		11,403	1.60	587

Notes:

1. Björkdal Mineral Reserves are estimated using drill hole and sample data as of September 30, 2018, and depleted for production through December 31, 2018. Norrberget Mineral Reserves are based on a data cutoff date of October 4, 2017.
2. CIM definitions (2014) were followed for Mineral Reserves.
3. Open Pit Mineral Reserves are based on mine designs carried out on an updated resource model, applying a block dilution of 100% at 0.0 g/t Au for blocks above 1.0 g/t and 100% at 0.6 g/t Au for blocks between 0.4 g/t and 1.0 g/t. The application of these block dilution factors is based on historical reconciliation data. A cut-off grade of 0.4 g/t Au was applied.
4. Underground Mineral Reserves are based on mine designs carried out on an updated resource model. Minimum mining widths of 3.5 m for stopes (after dilution) and 3.8 m for development were used. Dilution was applied by adding 0.5 m on each side of stopes as well as an additional 10% over break dilution. Further dilution, ranging from 10% to 100%, was added on a stope by stope basis depending on their proximity with other stopes. An overall dilution factor of 14.5% was added to development. Mining extraction was assessed at 95% for contained ounces within stopes and 100% for development. A cut-off grade of 1.00 g/t Au was applied. An incremental cut-off grade of 0.4 g/t Au was used for development material.
5. Stockpile Mineral Reserves are estimated at a cut-off grade of 0.40 g/t Au and are based upon surveyed volumes supplemented by production data.
6. Mineral Reserves are estimated using an average long-term gold price of US\$1,200/oz, and an exchange rate of 9.0 SEK/US\$.
7. Tonnes and contained gold are rounded to the nearest thousand.
8. Totals may appear different from the sum of their components due to rounding.
9. The Independent Qualified Persons for the Björkdal Mineral Reserve estimate are Ian Weir, P.Eng., Senior Mining Engineer with RPA (for open pit reserves) and Derek Holm, FSAIMM, Senior Mining Engineer with RPA (for underground reserves), who are Qualified Persons as defined by NI 43-101.

Qualified Persons:

All Qualified Persons listed below have read and approved the contents of this news release as it pertains to the Mineral Resource and Mineral Reserve estimates disclosed in this news release.

The Mineral Resource Estimates for Björkdal were carried out under the supervision of Reno Pressacco, P.Geol., Principal Geologist and an employee of RPA and independent of Mandalay Resources Corporation. He is a Qualified Person for the purpose of National Instrument 43-101.

The Mineral Resource Estimates for Norrberget were carried out under the supervision of Jack Lunnon, CGeol, Senior Geologist and an employee of RPA and independent of Mandalay Resources Corporation. He is a Qualified Person for the purpose of National Instrument 43-101.

The Mineral Reserve Estimate was carried out under the supervision of Ian Weir, P. Eng., Senior Mining Engineer (for open pit reserves) and Derek Holm, FSAIMM, Senior Mining Engineer (for underground reserves). Both are employees of RPA and are independent of Mandalay Resources Corporation. They are Qualified Persons for the purposes of NI 43-101.

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 the exploration potential of the Björkdal gold mine and development potential of the Aurora zone (Björkdal). 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 29, 2018 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.