



Mandalay Resources Corporation Announces Production and Sales Results for the Fourth Quarter and Full-Year 2018, Provides Production Guidance for 2019-2021

TORONTO, ON, January 16, 2019 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) announced today its production and sales results for the fourth quarter and full-year 2018. The Company also announced its production guidance for 2019-2021.

In the fourth quarter of 2018, Mandalay produced a consolidated 19,173 saleable ounces of gold equivalent and sold 18,433 ounces of gold equivalent. For the full year ended December 31, 2018, Mandalay produced 81,568 saleable ounces of gold equivalent and sold 88,083 ounces of gold equivalent.

Dominic Duffy, President and Chief Executive Officer of Mandalay, commented, "Mandalay's production in the fourth quarter of 2018 met the revised full-year 2018 production guidance for gold, antimony and gold equivalent ounces that we released to the market in November 2018. Fourth quarter production improved against the third quarter mainly due to the ramp up of underground trucking at the Björkdal mine as the new contract haulage fleet arrived over the course of the quarter. We expect production to continue to improve in the first quarter of 2019 as underground trucking at Björkdal is now at the planned rate.

"At Costerfield, the Company advanced development on the Brunswick lode which now has four development levels and is expected to begin stoping during the first quarter of 2019. The Company also continued capital development to the high-grade Youle lode, which is scheduled to be in production in the second half of 2019. During the fourth quarter of 2018, the Company produced 8,691 ounces of gold equivalent from Costerfield and 35,849 ounces of gold equivalent for the full-year 2018. We are expecting production improvements at the Costerfield mine to begin in the second half of 2019 when development begins on the high-grade Youle lode.

"At Björkdal, in the fourth quarter of 2018 we overcame the haulage capacity issue relating to the underground contractor, and the whole expected fleet of underground trucks arrived on site by December, resolving this issue. Production of higher-grade underground ore continued to increase though the quarter. Also, development continued on two levels on the recently released Aurora zone (see November 14, 2018 press release) with the first production stopes on this new discovery expected in the second half of 2019. Exploration drilling into the Aurora zone also continued. Björkdal produced 10,482 ounces of gold in the fourth quarter of 2018 and 45,719 ounces of gold for the full-year 2018."

Mr. Duffy continued, "2018 was a challenging year for Mandalay's operations as the Company's production was adversely impacted by underground trucking issues at Björkdal and the delayed startup to Brunswick development at Costerfield. I am proud of our operational teams' dedication and ability to address and resolve these challenges. With these issues behind us, we head into 2019 and beyond with optimism."

Mr. Duffy concluded, "Most importantly, we are also pleased to provide our production guidance for the next three years, which shows the way forward for Mandalay and highlights significant organic production growth from our operations. We expect to increase Mandalay's production in each year from 2019-2021, growing from the 81,568 ounces of gold equivalent produced in 2018 to 131,000-162,000 ounces of gold equivalent for 2021. We expect to see major production improvement from the Costerfield mine over this three-year period as the Youle lode is brought on-line, and production is expected to grow from the 35,849 ounces of gold equivalent produced in 2018 to 76,000-100,000 ounces of gold equivalent in 2021. We are also expecting a steady ramp up at Björkdal as underground production increases from the Aurora zone and higher-grade skarn bodies. This guidance, underpinned especially by the high-grade Youle deposit at Costerfield, reflects an exciting future for Mandalay."

Saleable production for the three months ended December 31, 2018:

- The Company produced a total of 15,430 ounces gold and 561 tonnes antimony, representing a total of 19,173 ounces of gold equivalent production in the fourth quarter of 2018, versus 29,257 ounces gold and 805 tonnes of antimony, representing a total of 34,395 ounces of gold equivalent in the fourth quarter of 2017.
- Production at Björkdal (Sweden) was 10,482 ounces gold in the fourth quarter of 2018, as compared to 22,035 ounces gold in the fourth quarter of 2017.
- Production at Costerfield (Australia) was 4,948 ounces gold and 561 tonnes antimony in the fourth quarter of 2018, versus 7,222 ounces gold and 805 tonnes antimony in the fourth quarter of 2017.
- Production at Cerro Bayo (Chile) remains suspended; therefore, there was no production in the fourth quarter of 2018.

Saleable production for the year ended December 31, 2018:

- The Company produced a total of 67,329 ounces gold and 2,173 tonnes antimony, representing a total of 81,568 ounces of gold equivalent production, versus 99,449 ounces gold, 3,115 tonnes of antimony and 794,533 ounces silver in the corresponding year of 2017, representing a total of 131,186 ounces of gold equivalent.
- Production at Björkdal was 45,719 ounces gold in 2018, compared to 62,028 ounces gold in 2017.
- Production at Costerfield was 21,610 ounces gold and 2,173 tonnes antimony in 2018, compared to 31,512 ounces gold and 3,115 tonnes antimony in 2017.
- Production at Cerro Bayo remains suspended; therefore, there was no production in 2018.

Table 1 – Fourth quarter and full year saleable production for 2018 and 2017

Metal	Source	Three months ended 31 December 2018	Three months ended 31 December 2017	Year ended 31 December 2018	Year ended 31 December 2017
Gold (oz)	Björkdal	10,482	22,035	45,719	62,028
	Costerfield	4,948	7,222	21,610	31,512
	Cerro Bayo	-	-	-	5,909
	Total	15,430	29,257	67,329	99,449
Antimony (t)	Costerfield	561	805	2,173	3,115
Silver (oz)	Cerro Bayo	-	-	-	794,533
Average quarterly prices:					
Gold US\$/oz		1,229	1,275		
Antimony US\$/t		8,204	8,137		
Silver US\$/oz		15.00	16.71		
Au Eq. (oz) ¹	Björkdal	10,482	22,035	45,719	62,028
	Costerfield	8,691	12,360	35,849	52,137
	Cerro Bayo	-	-	-	17,021
	Total	19,173	34,395	81,568	131,186

¹ Quarterly gold equivalent ounces ("Au Eq. oz") produced is calculated by multiplying the saleable quantities of gold ("Au"), silver ("Ag"), and antimony ("Sb") in the period by the respective average market prices of the commodities in the period, adding the three amounts to get a "total contained value based on market price", and then dividing that total contained value by the average market price of Au in the period. Average Au price in the period is calculated as the average of the daily LME PM fixes in the period, with price on weekend days and holidays taken of the last business day; average Sb price in the period is calculated as the average of the daily average of the high and low Rotterdam warehouse prices for all days in the period, with price on weekend days and holidays taken from the last business day; average Ag price in the period is calculated as the average of the daily London Broker's silver spot price for all days in the period, with price on weekend days and holidays taken from the last business day. The source for all prices is www.metalbulletin.com.

Sales for the three months ended December 31, 2018:

- The Company sold 14,514 ounces gold and 582 tonnes antimony, representing a total of 18,399 ounces of gold equivalent in the fourth quarter of 2018, versus 25,044 ounces gold, 668 tonnes antimony and 18,334 ounces silver, in the fourth quarter of 2017, representing a total of 29,547 ounces of gold equivalent.
- Björkdal sold 9,557 ounces gold in the fourth quarter of 2018, versus 18,565 ounces gold in the fourth quarter of 2017.
- Costerfield sold 4,957 ounces gold and 582 tonnes antimony in the fourth quarter of 2018, versus 6,337 ounces gold and 668 tonnes antimony in the fourth quarter of 2017.
- Cerro Bayo had no sales in the fourth quarter of 2018, as production remains suspended.

Sales for the year ended December 31, 2018:

- The Company sold 72,962 ounces gold and 2,307 tonnes antimony, representing a total of 88,049 ounces gold equivalent in 2018, versus 95,357 ounces gold, 2,879 tonnes antimony, and 926,832 ounces silver in 2017, representing a total of 127,367 ounces gold equivalent.
- Björkdal sold 50,062 ounces gold in 2018, versus 58,058 ounces of gold in 2017.
- Costerfield sold 22,900 ounces gold and 2,307 tonnes antimony in 2018, versus 30,296 ounces gold and 2,879 tonnes antimony in 2017.
- Cerro Bayo had no sales during 2018, as production remains suspended.

Table 2 – Fourth quarter and full year sales for 2018 and 2017

Metal	Source	Three months ended 31 December 2018	Three months ended 31 December 2017	Year ended 31 December 2018	Year ended 31 December 2017
Gold (oz)	Björkdal	9,557	18,565	50,062	58,058
	Costerfield	4,957	6,337	22,900	30,296
	Cerro Bayo	-	142	-	7,003
	Total	14,514	25,044	72,962	95,357
Antimony (t)	Costerfield	582	668	2,307	2,879
Silver (oz)	Cerro Bayo	-	18,334	-	926,832
Average quarterly prices:					
Gold US\$/oz		1,229	1,275		
Antimony US\$/t		8,204	8,137		
Silver US\$/oz		15.00	16.71		
Au Eq. (oz) ¹	Björkdal	9,557	18,565	50,062	58,058
	Costerfield	8,842	10,599	37,987	49,425
	Cerro Bayo	-	383	-	19,884
	Total	18,399	29,547	88,049	127,367

¹Quarterly Au Eq. oz sold is calculated by multiplying the saleable quantities of Au, Ag, and Sb in the period by the respective average market prices of the commodities in the period, adding the three amounts to get a "total contained value based on market price", and then dividing that total contained value by the average market price of Au for the period. The source for all prices is www.metalbulletin.com with price on weekend days and holidays taken of the last business day.

Mandalay three-year guidance:

Table 3 – Production and cost guidance 2019

		2019E
Björkdal		
	Gold produced (oz)	50,000-56,000
	Cash cost** per oz gold produced	\$800-\$950
	All-in cost** per oz gold produced	\$1,030-\$1,180
	Capital expenditures	\$18M-\$22M
Costerfield		
	Gold produced (oz)	23,000-30,000
	Antimony produced (t)	2,600-3,100
	Gold equivalent* produced (oz)	41,000-51,000
	Cash cost** per oz gold eq. produced	\$790-\$920
	All-in cost** per oz gold eq. produced	\$1,050-\$1,180
	Capital expenditures	\$21M-\$25M
Consolidated		
	Gold equivalent* produced (oz)	91,000-107,000
	Average cash cost*** per oz gold eq.	\$850-\$980
	Average all-in cost*** per oz gold eq.	\$1,130-\$1,280
	Capital expenditures	\$39M-\$47M

*Assumes metal prices of: Au \$1,200/oz, Sb \$8,200/t.

**Cash cost and all-in cost are non-IFRS measures. See "Non-IFRS Measures" at the end of this press release.

***Consolidated costs per Au Eq. oz includes corporate overhead spending and total care and maintenance costs at Cerro Bayo. Capital expenditures inclusive of exploration spending.

Table 4 – Metal production guidance 2019-2021

		2019E	2020E	2021E
Björkdal				
	Gold produced (oz)	50,000-56,000	53,000-59,000	55,000-65,000
Costerfield				
	Gold produced (oz)	23,000-30,000	40,000-49,000	60,000-75,000
	Antimony produced (t)	2,600-3,100	2,200-2,800	2,400-3,300
Consolidated				
	Gold equivalent* produced (oz)	91,000-107,000	108,000-127,000	131,000-162,000

*Assumes metal prices of: Au \$1,200/oz, Sb \$8,200/t.

Mandalay's 2019-2021 production guidance is based on:

- Björkdal – A steady ramp-up of production as the impacts of the higher-grade and significantly wider Aurora zone allows for increased underground production.
- Costerfield – High-grade Youle lode coming on-line in the second half of 2019 and continuing to ramp up production through 2021.
- Cerro Bayo – Due to the uncertainty related to the re-permitting of Cerro Bayo, no production is being incorporated into the guidance shown above.

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About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia, Sweden and producing and exploration projects in Chile. The Company is focused on generating near-term cash flow and shareholder value.

Forward-Looking Statements:

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the Company's anticipated production of gold, silver and antimony for the 2019-2021 fiscal years and the Company's anticipated costs for the 2019 fiscal year. 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, a copy of which is 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.