



Mandalay Resources Corporation Announces Production and Sales Results for the First Quarter of 2017

TORONTO, ON, April 12, 2017 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today its production and sales results for the first quarter of 2017. In the first quarter of 2017, Mandalay produced 32,481 saleable ounces of gold equivalent and sold 34,801 ounces of gold equivalent.

Mark Sander, President and Chief Executive Officer of Mandalay, commented, "Mandalay's production and sales in the first quarter of 2017 show that the Company is on track to delivering on our guidance range of 138,000 to 163,000 ounces of gold equivalent for 2017. First quarter sales were within the guidance range given in the press release on February 16, 2017, and we expect improving production at all sites in the balance of the year to support higher sales in the coming quarters.

"Costerfield continued its dependable performance with production of 12,891 gold equivalent ounces. Production is consistent with the previous two quarters and the current grade profile of the mine. We expect to see output lift at Costerfield in subsequent quarters because mining grades are forecast to increase as we extract higher-grade stopes in the Cuffley and N lodes later in the year.

"Björkdal produced 10,648 ounces of gold in the first quarter of 2017, down from 12,185 ounces in the same period of 2016, but very similar to the fourth quarter of 2016 production of 10,934 ounces. Björkdal delivered strong, near-record sales of 13,121 ounces in the first quarter of 2017 as the record monthly production of December, 2016, was sold. During the first quarter, production of higher-grade underground ore was limited due to a bottleneck with respect to underground haulage. Additional underground loading and haulage capacity was added at the end of March, which is expected to directly increase the stope production and in turn increase the rate of delivery of high-grade underground ore for the remainder of the year. As well, in the second quarter we are increasing the length of our jumbo booms to permit longer cuts per blast and therefore increase underground development rates, which is also expected to contribute to increasing the delivery rates of underground ore. The Björkdal flotation expansion project is progressing approximately on schedule. Upon commissioning in the third quarter of 2017, we expect a 1.7% increase in gold recoveries. All these improvements point toward lifting production rates through the year."

Dr. Sander concluded, "Operationally, Cerro Bayo has implemented a number of initiatives to generate cost reductions and improve operational efficiency. Mine production during the first quarter of 435,076 ounces of silver and 2,735 ounces of gold demonstrates significant quarter-over-quarter progress compared to production of 365,214 ounces of silver and 2,807 ounces of gold in the previous quarter. We expect to see production continue to grow over the remainder of 2017 as a greater number of development headings and production stopes become available from the Coyita mine. As well, we have optimized plant shift schedules to reduce costs and match the planned ore production of the mine."

Saleable production for the three months ended March 31, 2017:

- The Company produced a total of 21,370 ounces gold, 741 tonnes antimony and 435,076 ounces silver, representing a total of 32,481 ounces of gold equivalent production, versus 28,954 ounces gold, 1,000 tonnes of antimony and 515,216 ounces silver, representing a total of 39,965 ounces of gold equivalent in the first quarter of 2016.
- Production at Costerfield (Australia) was 7,987 ounces gold and 741 tonnes antimony, versus 12,433 ounces gold and 1,000 tonnes antimony in the first quarter of 2016.
- Production at Cerro Bayo (Chile) was 2,735 ounces gold and 435,076 ounces silver, versus 4,336 ounces gold and 515,216 ounces silver in the first quarter of 2016.
- Production at Björkdal (Sweden) was 10,648 ounces gold as compared to 12,185 ounces gold in the first quarter of 2016.

Table 1 – Mandalay Quarterly Saleable Production

Metal	Source	Three months ended 31 March 2017	Three months ended 31 December 2016	Three months ended 31 March 2016
Gold (oz)	Costerfield	7,987	7,523	12,433
	Cerro Bayo	2,735	2,807	4,336
	Björkdal	10,648	10,934	12,185
	Total	21,370	21,264	28,954
Antimony (t)	Costerfield	741	792	1,000
Silver (oz)	Cerro Bayo	435,076	365,214	515,216
Average quarterly prices:				
Gold US\$/oz		1,217	1,218	1,181
Antimony US\$/t		8,058	7,498	5,353
Silver US\$/oz		17.36	17.17	14.85
Au Eq. (oz) ¹	Costerfield	12,891	12,403	16,966
	Cerro Bayo	8,942	7,956	10,814
	Björkdal	10,648	10,934	12,185
	Total	32,481	31,293	39,965

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 March 31, 2017:

- The Company sold 23,668 ounces gold, 708 tonnes antimony, and 451,777 ounces silver, representing a total of 34,801 ounces of gold equivalent, versus 29,183 ounces gold, 893 tonnes antimony, and 602,621 ounces silver, representing a total of 40,808 ounces of gold equivalent in the first quarter of 2016.
- Costerfield sold 7,547 ounces gold and 708 tonnes antimony, versus 10,816 ounces gold and 893 tonnes antimony in the first quarter of 2016.
- Cerro Bayo sold 3,000 ounces gold and 451,777 ounces silver, versus 6,030 ounces gold and 602,621 ounces silver in the first quarter of 2016.
- Björkdal sold 13,121 ounces gold, versus 12,337 ounces gold in the first quarter of 2016.

Table 2 – Mandalay Quarterly Sales

Metal	Source	Three months ended 31 March 2017	Three months ended 31 December 2016	Three months ended 31 March 2016
Gold (oz)	Costerfield	7,547	8,040	10,816
	Cerro Bayo	3,000	2,426	6,030
	Björkdal	13,121	8,979	12,337
	Total	23,668	19,445	29,183
Antimony (t)	Costerfield	708	883	893
Silver (oz)	Cerro Bayo	451,777	320,175	602,621
Average quarterly prices:				
Gold US\$/oz		1,217	1,218	1,181
Antimony US\$/t		8,058	7,498	5,353
Silver US\$/oz		17.36	17.17	14.85
Au Eq. (oz) ¹	Costerfield	12,235	13,480	14,864
	Cerro Bayo	9,445	6,940	13,607
	Björkdal	13,121	8,979	12,337
	Total	34,801	29,399	40,808

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.

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, Sweden and producing and exploration projects in Chile. The Company is focused on executing a roll-up strategy, creating critical mass by aggregating advanced or in-production gold, copper, silver and antimony projects in Australia, the Americas and Europe to generate 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 production of gold, silver and antimony for the 2017 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 31, 2017, 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.