



Mandalay Resources Corporation Announces Production and Sales Results for the Second Quarter of 2017, Including Record Production at Björkdal

TORONTO, ON, July 12, 2017 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today its production and sales results for the second quarter of 2017. In the second quarter of 2017, Mandalay produced a consolidated 38,491 saleable ounces of gold equivalent and sold 35,709 ounces of gold equivalent. This was the highest quarterly consolidated gold equivalent production since the second quarter of 2016, with strong performance at Björkdal and Costerfield offsetting the impact of curtailment at Cerro Bayo as of June 9, in response to the flooding incident in the Delia NW mine. For the six months ended June 2017, Mandalay produced 70,972 saleable ounces of gold equivalent and sold 70,510 ounces of gold equivalent.

Mark Sander, President and Chief Executive Officer of Mandalay, commented, "Mandalay's production during the second quarter was impacted by the tragic accident at Cerro Bayo that caused the death of two employees and the loss of the Delia NW mine due to inundation by lake waters. The loss of the Delia NW mine by itself is not material with respect to permanently reduced production or ore reserves. Our primary focus at Cerro Bayo is on completing a thorough root cause and risk assessment of the inundation event. The outcome of these investigations will inform the restart scenarios we are currently planning. We expect that it will take between two and four months to complete the necessary studies and confirm the new optimum life of mine plan at Cerro Bayo.

"Prior to the accident, the Cerro Bayo mine produced 359,457 ounces of silver and 3,174 ounces of gold. We expect to provide a further, more detailed update on restart plans for Cerro Bayo as well as the impact of the current suspension of operations on our 2017 production guidance when we release our second quarter 2017 financial results in August."

Dr. Sander continued, "On a positive note, Mandalay's other operations performed well during this stressful time for the Company. Björkdal produced 16,112 ounces of gold in the second quarter of 2017, a record high production quarter under Mandalay ownership and an annualized rate of approximately 64,000 oz/yr. With the successful implementation of our grade control program, we shifted our operational emphasis in the second quarter toward debottlenecking production capacities in the open pit and underground mines to increase the rate of delivery of highest-grade "A"-quality ore to the plant. This has paid off with excellent results. We expect that these mining rates will be generally sustainable for the balance of the year. In addition, we are currently commissioning the flotation expansion project, slightly ahead of schedule, which we expect will result in a 1.7% increase in gold recoveries going forward.

"Costerfield continued its dependable performance with production of 14,300 gold equivalent ounces, up from 12,891 gold equivalent ounces produced in the first quarter of 2017. Production is consistent with the previous three quarters and the current grade profile of the mine. We expect Costerfield to deliver within its guidance ranges for the balance of the year."

Saleable production for the three months ended June 30, 2017:

- The Company produced a total of 28,219 ounces gold, 765 tonnes antimony and 359,457 ounces silver, representing a total of 38,491 ounces of gold equivalent production, versus 21,370 ounces gold, 741 tonnes antimony and 435,076 ounces silver, representing a total of 32,481 ounces of gold equivalent, in the first quarter of 2017 and 28,718 ounces gold, 962 tonnes antimony and 462,462 ounces silver, representing a total of 39,653 ounces of gold equivalent, in the second quarter of 2016.
- Production at Costerfield (Australia) was 8,933 ounces gold and 765 tonnes antimony, versus 7,987 ounces gold and 741 tonnes antimony in the first quarter of 2017 and 12,252 ounces gold and 962 tonnes antimony in the second quarter of 2016.
- Production at Björkdal (Sweden) was 16,112 ounces gold, versus 10,648 ounces of gold in the first quarter of 2017 and 12,648 ounces gold in the second quarter of 2016.
- Production at Cerro Bayo (Chile) was 3,174 ounces gold and 359,457 ounces silver, versus 2,735 ounces gold and 435,076 ounces silver in the first quarter of 2017 and 3,818 ounces gold and 462,462 ounces silver in the second quarter of 2016.

Table 1 – Second Quarter and Six Month Saleable Production for 2017 and 2016

Metal	Source	Three months ended 30 June 2017	Three months ended 31 March 2017	Three months ended 30 June 2016	Six months ended 30 June 2017	Six months ended 30 June 2016
Gold (oz)	Costerfield	8,933	7,987	12,252	16,920	24,685
	Cerro Bayo	3,174	2,735	3,818	5,909	8,154
	Björkdal	16,112	10,648	12,648	26,760	24,833
	Total	28,219	21,370	28,718	49,589	57,672
Antimony (t)	Costerfield	765	741	962	1,506	1,962
Silver (oz)	Cerro Bayo	359,457	435,076	462,462	794,533	977,678
Average quarterly prices:						
Gold US\$/oz		1,256	1,217	1,259		
Antimony US\$/t		8,816	8,058	6,244		
Silver US\$/oz		17.15	17.36	16.78		
Au Eq. (oz) ¹	Costerfield	14,300	12,891	17,023	27,191	33,989
	Cerro Bayo	8,079	8,942	9,982	17,021	20,796
	Björkdal	16,112	10,648	12,648	26,760	24,833
	Total	38,491	32,481	39,653	70,972	79,618

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.

Saleable production for the six months ended June 30, 2017:

- The Company produced a total of 49,589 ounces gold, 1,506 tonnes antimony and 794,533 ounces silver, representing a total of 70,972 ounces of gold equivalent production, versus 57,672 ounces gold, 1,962 tonnes antimony and 977,678 ounces silver, representing a total of 79,618 ounces of gold equivalent in the corresponding six months of 2016.
- Production at Costerfield was 16,920 ounces gold and 1,506 tonnes antimony.
- Production at Björkdal was 26,760 ounces gold.
- Production at Cerro Bayo was 5,909 ounces gold and 794,533 ounces silver.

Sales for the three months ended June 30, 2017:

- The Company sold 24,896 ounces gold, 806 tonnes antimony, and 377,916 ounces silver, representing a total of 35,709 ounces of gold equivalent, versus 23,668 ounces gold, 708 tonnes antimony and 451,777 ounces silver, representing a total of 34,801 ounces gold equivalent, in the first quarter of 2017 and 29,951 ounces gold, 993 tonnes antimony, and 439,993 ounces silver, representing a total of 40,740 ounces of gold equivalent, in the second quarter of 2016.
- Costerfield sold 8,912 ounces gold and 806 tonnes antimony, versus 7,547 ounces gold and 708 tonnes antimony in the first quarter of 2017 and 12,440 ounces gold and 993 tonnes antimony in the second quarter of 2016.
- Cerro Bayo sold 3,232 ounces gold and 377,916 ounces silver, versus 3,000 ounces gold and 451,777 ounces silver in the first quarter of 2017 and 3,698 ounces gold and 439,993 ounces silver in the second quarter of 2016.
- Björkdal sold 12,752 ounces gold, versus 13,121 ounces gold in the first quarter of 2017 and 13,813 ounces gold in the second quarter of 2016.

Sales for the six months ended June 30, 2017:

- The Company sold 48,564 ounces gold, 1,514 tonnes antimony, and 829,693 ounces silver, representing a total of 70,510 ounces of gold equivalent, versus 59,134 ounces gold, 1,886 tonnes antimony, and 1,042,614 ounces silver, representing a total of 81,548 ounces of gold equivalent, in the six months ended June 30, 2016.
- Costerfield sold 16,459 ounces gold and 1,514 tonnes antimony.
- Cerro Bayo sold 6,232 ounces gold and 829,693 ounces silver.
- Björkdal sold 25,873 ounces gold.

Table 2 – Second Quarter and Six Month Sales for 2017 and 2016

Metal	Source	Three months ended 30 June 2017	Three months ended 31 March 2017	Three months ended 30 June 2016	Six months ended 30 June 2017	Six months ended 30 June 2016
Gold (oz)	Costerfield	8,912	7,547	12,440	16,459	23,256
	Cerro Bayo	3,232	3,000	3,698	6,232	9,728
	Björkdal	12,752	13,121	13,813	25,873	26,150
	Total	24,896	23,668	29,951	48,564	59,134
Antimony (t)	Costerfield	806	708	993	1,514	1,886
Silver (oz)	Cerro Bayo	377,916	451,777	439,993	829,693	1,042,614
Average quarterly prices:						
Gold US\$/oz		1,256	1,217	1,259		
Antimony US\$/t		8,816	8,058	6,244		
Silver US\$/oz		17.15	17.36	16.78		
Au Eq. (oz) ¹	Costerfield	14,568	12,235	17,365	26,803	32,229
	Cerro Bayo	8,389	9,445	9,562	17,834	23,169
	Björkdal	12,752	13,121	13,813	25,873	26,150
	Total	35,709	34,801	40,740	70,510	81,548

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.

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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 and statements regarding the potential impact of the current suspension of operations at the Company's Cerro Bayo mine. 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.