



MANDALAY RESOURCES

MANDALAY RESOURCES CORPORATION PROVIDES UPDATE ON FLOODING AT CERRO BAYO MINE

TORONTO, ON, June 14, 2017 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) is providing an update on the flooding event at the Cerro Bayo mine that was originally announced on June 9, 2017. Extended families of the two missing miners have been gathered at a comfort center in the nearby town of Chile Chico, where they receive support and at least once daily briefings on progress of the search efforts. Our thoughts are with them during this very difficult time. As well, our employees, unions, and community members gather in town for regular updates.

Surface and underground operations at Cerro Bayo were suspended in a safe and orderly manner immediately after the incident occurred on the morning of June 9. Only authorized personnel critical to the search efforts have been traveling to the site. There, the search operations are proceeding around the clock with approximately 100 to 120 people on day shift and 50 to 60 on night shift. Cerro Bayo has had extensive visits by national, provincial and local government and regulatory officials to gather information, contribute ideas and offer logistical and technical support.

Search efforts continue to be focused on drilling to intersect the deepest level of the mine, approximately 200 metres below surface (where the miners were working), to test the extent to which inundation of that level has occurred. Currently, two rigs are drilling with a third preparing to start. Meanwhile, all surface and underground haul trucks on site are engaged with several excavators and loaders in constructing a containment berm across a bay of Laguna Verde in an attempt to isolate the incident zone from the larger lake and manage possible further water inflows.

Dr. Mark Sander, President and Chief Executive Officer of Mandalay, commented: "Our Company is grateful to the community and our employees, the Chilean government, SERNAGEOMIN, all emergency responders, military, police and local government, as well as other mining companies, for the outpouring of support and generous offers of help to us in this emergency. Mandalay is doing everything possible to locate Jorge Sanchez and Enrique Ojeda, who were working in the flooded section of the Delia NW mine. The presence of water and disturbed material makes this effort extremely complicated. We will continue to deploy our own resources as well as the resources coming from suppliers, contractors, other mining companies, and government, while taking extraordinary care to proceed safely during these unprecedented efforts. We are working diligently to keep the families, employees, local community and the wider Chilean population informed of our efforts in a timely way."

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, Chile, and Sweden, and a development project 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.