

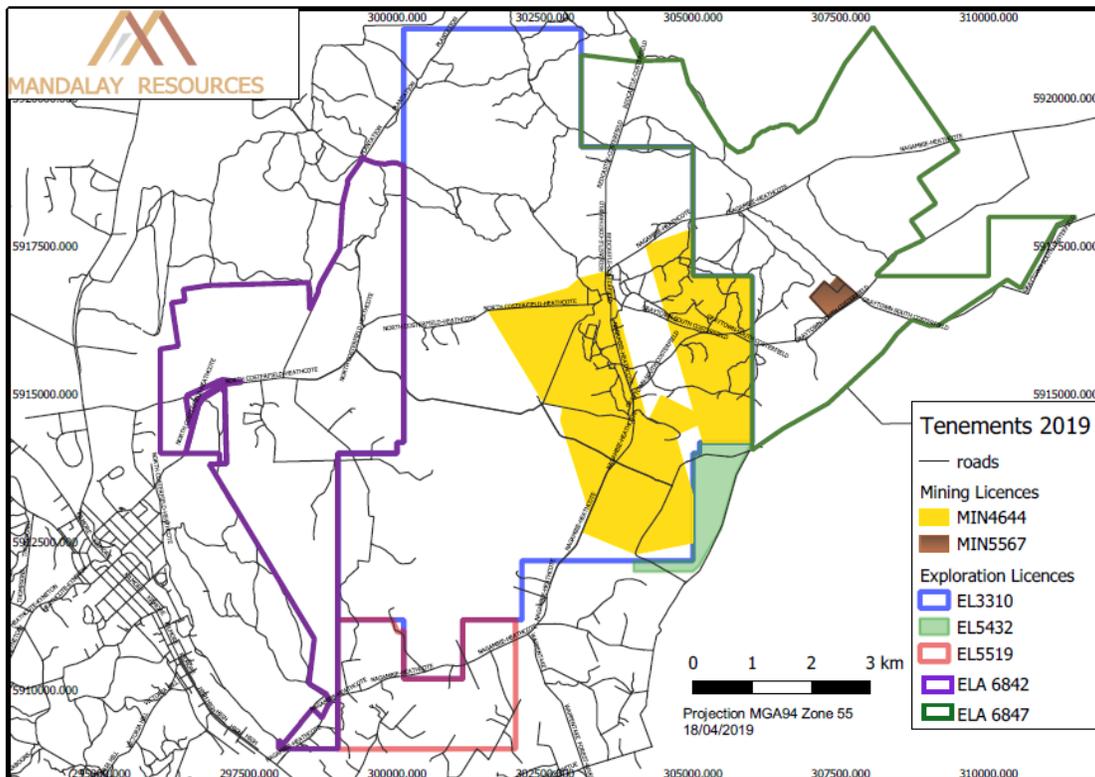
**TORONTO, ON, May 1, 2019 - MANDALAY RESOURCES COSTERFIELD OPERATION ANNOUNCES EXPLORATION LICENCE APPLICATIONS (ELA6847 & 6842) AT THEIR COSTERFIELD OPERATION**

On the 19th of November 2018, Mandalay Resources applied for two Exploration licences to the east (ELA6847) and west (ELA6842) of their current licences. Refer to Figure 1 below for tenement locations.

The application undergoing assessment by the Department of Jobs, Precincts and Regions (DJPR) and is currently at the advertising stage, whereby the public are notified of the proposed application boundaries and work program. The proposed work program over a 5-year period will entail, geological mapping and sampling, bedrock geochemistry/geophysics, reconnaissance and prospect drilling with a total estimated expenditure of approximately \$300,000 AUD.

The nature of the targets within the proposed exploration boundaries, will be in line with the current deposits currently being mined by Mandalay at the Augusta mine in the form of gold-stibnite (antimony-sulphide) lodes. These lodes are sub-vertically oriented structures hosted within fine-grained sediments of the Costerfield Formation.

Mineralised lodes at Costerfield typically strike approximately 330° and measure less than 1 metre in thickness, usually averaging around 150 mm. However, despite their narrow width, veins are relatively persistent along strike and down dip. Macroscopic textures of vein material indicate that mineralisation occurred in open-cavities or ‘vuggs’. This suggests that ore-phase host structures formed through localized extensional processes. Economic veins consist of quartz, stibnite, ferroan carbonates, pyrite, arsenopyrite and gold.



*Figure 1: Plan displaying Mandalay Resources Costerfield Operations tenements 2019.*

### ***Geological Rationale***

Mandalay Resources prides itself in a successful underground mining operation since 2006. The company has very much focused on establishing itself as an economic producer, with much of the focus on the existing Augusta/Cuffley and Brunswick deposits, before it could embark on further more exploratory regional brownfields exploration. The company's strategy to date, has involved channeling expenditure into expansion of near mine targets close to existing infrastructure, as well as increasing inferred and indicated resources in the Augusta/Cuffley and Brunswick deposits.

In the past 2 years, near mine exploration has led to the discovery the Youle lode underneath the historic Costerfield mine workings; with mining anticipated to commence in the fourth quarter of 2019. To ensure life of mine and a 'future ore' approach, a more regional approach to exploration has been initiated and consequently the company wishes to extend their exploration tenements to the east and west.

### ***Community and Environment***

In 2016, Mandalay Resources engaged a consultant to review the processes of the Costerfield Environmental Review Committee (ERC) and resulted in the instigation of the Costerfield Community Reference Sub-committee (CRS). The Costerfield CRS is a sub-committee of the ERC and meets monthly with Mandalay representatives to discuss matters relevant to the Costerfield community and the mine. The committee consists of the 3 permanent ERC Community Representatives and 4 permanent community members.

As part of its commitment to operating in an open and transparent manner, the company also conducts regular stakeholder consultations. Due to the variety of stakeholders identified in the approved Community Engagement Plan, consultation methods are varied to meet the specific expectations of individual groups. Consultation with the local community during the reporting period included quarterly ERC meetings, monthly CRS meetings, site visits, letters, phone calls and Community Information Sessions including BBQs.

Mandalay Resources works in accordance to the *Mineral Resources (Sustainable Development) (Mineral Industries) Interim Regulations 2018 (MRSDMIIR)*. All exploration work is conducted in accordance with the Department of Jobs, Precincts and Regions (DJPR) approved Work Plans, and any land disturbance is fully monitored and rehabilitated at the completion of any exploration activities. The environmental monitoring program as specified in the Approved Work Plans covers all the environmental aspects covered by the companies monitoring program(s). These include noise, air quality, surface water, groundwater, rehabilitation monitoring and community enquiries and complaints.

### ***Statutory Requirements***

Subject to other statutory requirements being satisfied, an exploration licence, if granted, entitles the holder of the licence to explore and search for minerals in the relevant land, but does not entitle the holder to undertake mining.

Further information regarding the statutory requirements that must be complied with prior to work being undertaken on a licence, including landowner and occupier consent requirements, is available on the department's website at: <http://earthresources.vic.gov.au/earth-resources-regulation/information-for-community-and-landholders/mining-and-extractives>