

Mandalay Resources Corporation Announces Update on Youle Vein Drilling Program at Costerfield Mine, Australia

TORONTO, ON, June 27, 2018 – Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to provide an exploration update from recent diamond drilling on the emerging Youle vein at its Costerfield operation in Victoria, Australia.

The most recent drilling results from the Youle vein since Mandalay's press release of April 3, 2018 further demonstrate that mineralization of the vein system remains continuous at depth. The currently known strike of Youle extends 600 m and has a vertical depth of 150 m.

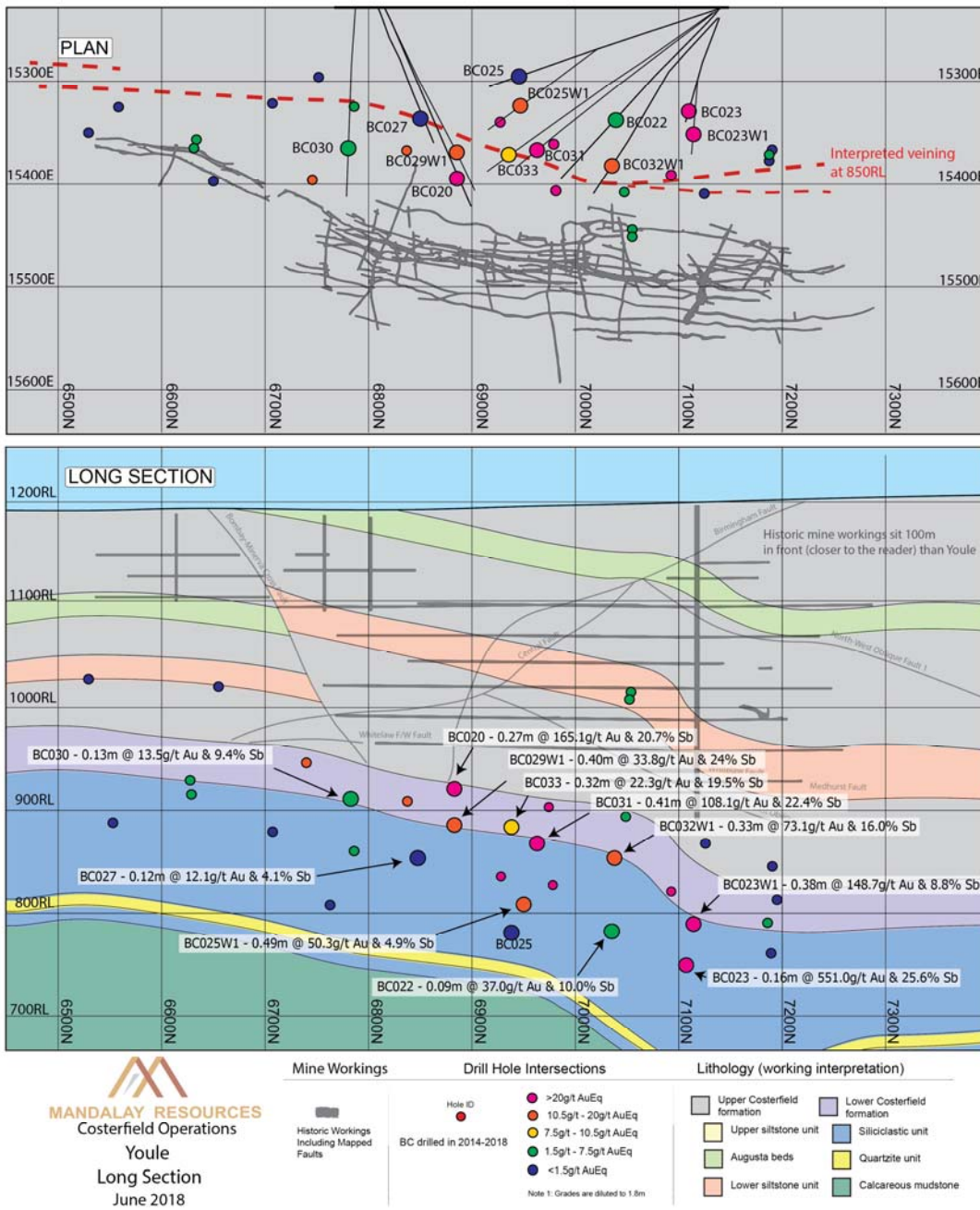
Highlights from the recent Youle drilling include the following intercepts:

- BC020: 0.27m @ 165.1 g/t Au and 20.7% Sb (30.2 g/t AuEq @ 1.8m mining width)
- BC023: 0.16m @ 551.0 g/t Au and 25.6% Sb (54.3 g/t AuEq @ 1.8m mining width)
- BC023W1: 0.38m @ 148.7 g/t Au and 8.8% Sb (34.2g/t AuEq @ 1.8m mining width)
- BC031: 0.41m @ 108.1 g/t Au and 22.4% Sb (33.5 g/t AuEq @ 1.8m mining width)

Dominic Duffy, President and Chief Executive Officer of Mandalay commented, "The Youle discovery is extremely exciting for Mandalay, as our drilling campaign continues to demonstrate consistent, high-grade results that share a similar structural setting to the previously mined Augusta and Cuffley Lodes. Mandalay's current infill drilling program and related studies are being undertaken with the intention of delivering Mineral Reserve additions from Youle in our 2018 year-end Mineral Resources and Reserves update. The high grades, along with the fact that the Youle vein is in relatively close proximity to where we are currently mining, provides good potential for it to be the next viable ore source for Mandalay at Costerfield."

Mr. Duffy concluded, "The Youle discovery has the strong potential to continue Mandalay's trend of continuous Mineral Reserve replacement at Costerfield over the past eight years and demonstrates the remarkable prospectivity of the district. Mandalay will be looking to increase its brownfields exploration spending in 2019 with the aim of making further discoveries."

Figure 1: Youle Drilling – Plan and Long Section

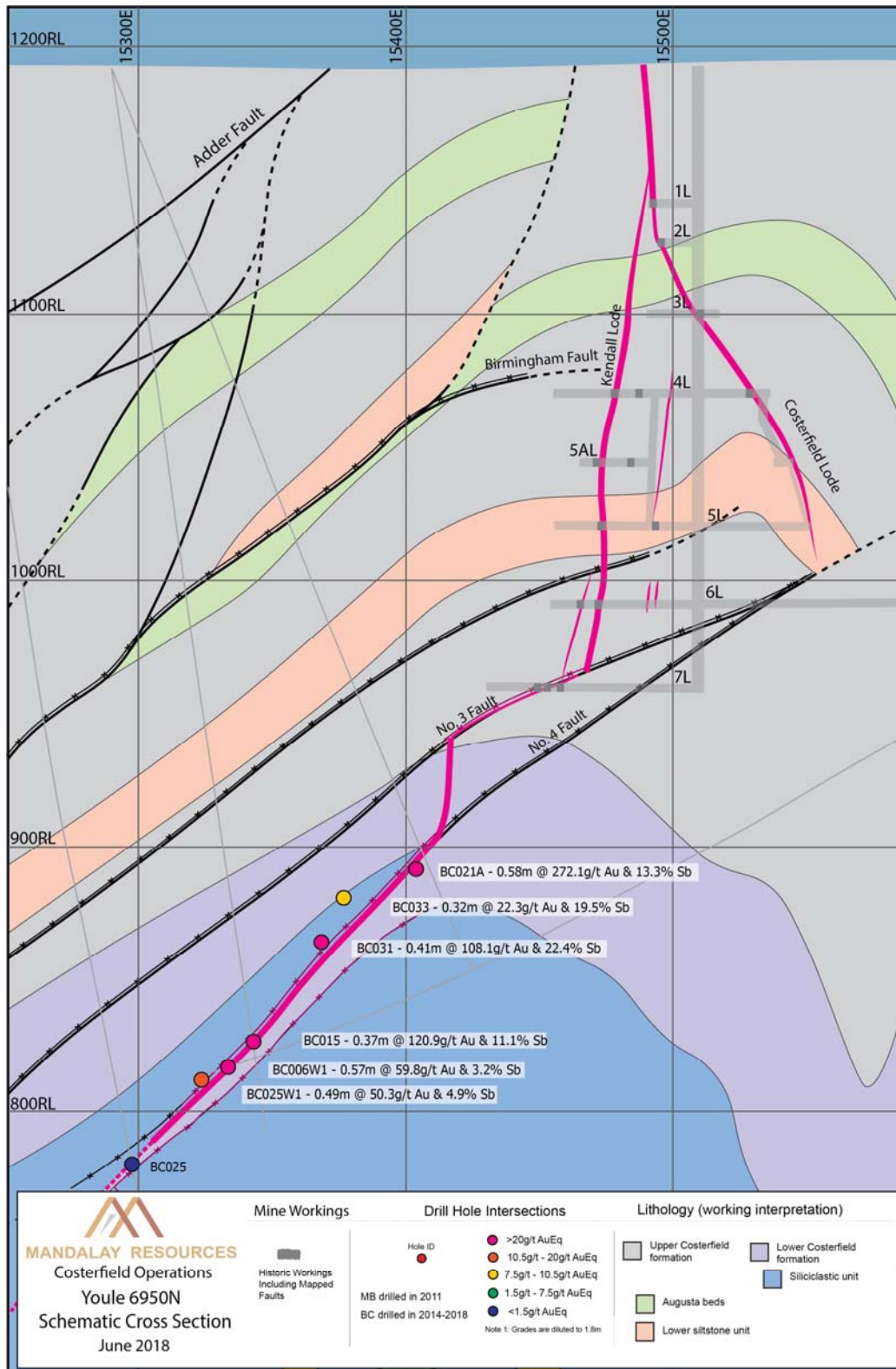


Note:

- True width is preliminary estimate only and may not reflect final true width used in resource estimation

$$- \text{AuEq(g/t)} = \text{Au(g)} + \text{Sb(\%)} \times \frac{\text{Price per 10 Sb (kg)} \times \text{Sb Recovery (\%)}}{\text{Price per 1 Au (g)} \times \text{Au Recovery (\%)}}$$

Figure 2: Youle Drilling – Schematic Cross Section



Drilling details for Youle are found in the table below:

Table 1: Youle Drilling Results (April 2018 to June 2018)

Hole ID	Hole Completion Date	Total hole Depth	Intercept Easting (Mine Grid)	Intercept Northing (Mine Grid)	Intercept Elevation (Mine Grid)	Drilled Width (m)	True Width (m)	Au Grade (g/t)	Sb Grade (%)	AuEq (g/t) over min. 1.8m mining width
BC020	10/04/2018	399.9	15395	6887	915	0.33	0.27	165.1	20.7	30.2
BC022	4/04/2018	600.0	15339	7035	788	0.10	0.09	37.0	10.0	2.7
BC023	24/04/2018	500.9	15329	7109	757	0.20	0.16	551.0	25.6	54.3
BC023W1	17/05/2018	458.5	15352	7114	792	0.49	0.38	148.7	8.8	34.2
BC025W1	15/05/2018	497.9	15324	6947	815	0.52	0.49	50.3	4.9	16.1
BC027	10/05/2018	431.0	15337	6853	837	0.13	0.12	12.1	4.1	1.3
BC029W1	29/05/2018	422.5	15349	6881	863	0.45	0.40	33.8	24.0	16.8
BC030	8/06/2018	404.4	15370	6885	889	0.14	0.13	13.5	9.4	2.2
BC031	29/05/2018	441.1	15365	6781	917	0.43	0.41	108.1	22.4	33.5
BC032W1	25/05/2018	381.0	15368	6962	863	0.34	0.33	73.1	16.0	18.6
BC033	15/06/2018	440.5	15373	6935	882	0.32	0.29	22.3	19.5	9.2

Infill drilling over the next six months is aimed at demonstrating the economic potential of the central portion of Youle, by drilling at hole spacing of approximately 40 m. The Company also expects to carry out extension drilling along strike and at depth with the goal of extending mineralization to a depth of 700 RL. This program is expected to comprise 37 holes.

Youle Drill Campaign History

Mandalay has drilled 39 diamond holes into the historic Costerfield mine area in three campaigns (2011, 2014 and 2017-present). The Company reported significant early results from the Youle drill program in July 2017 (see Mandalay July 24, 2017 press release) and in April 2018 (see Mandalay April 3, 2018 press release). Drilling was accelerated in late 2017. This program has continued over 2018 and Mandalay is accelerating its efforts to bring Youle into Mineral Reserves in the Company's year-end 2018 Mineral Reserves and Resources update.

Drilling and Assaying

Diamond drill core was logged and sampled by Costerfield geologists. All samples were sent to Onsite Laboratory in Bendigo, Victoria, Australia, for sample preparation and assay. Site geological and metallurgical personnel have implemented a QA/QC process that includes the regular submission of standard reference materials and blanks with drill and face samples submitted for assay. Standard reference materials have been certified by Geostats Pty Ltd. (see March 29, 2018, Technical Report entitled "Costerfield Operation, Victoria, Australia NI 43-101 Report", available on SEDAR (www.sedar.com) and the Company's website

(www.mandalayresources.com), which contains a complete description of drilling, sampling, and assaying procedures.)

Qualified Person:

Chris Gregory, Vice President of Operational Geology and Exploration at Mandalay Resources, is a Member of the Australian Institute of Geoscientists (AIG), and a Qualified Person as defined by NI 43-101. He has reviewed and approved the technical and scientific information provided in this release.

For Further Information

Dominic Duffy
President and Chief Executive Officer

Greg DiTomaso
Director of Investor Relations

Contact:
647.260.1566

About Mandalay Resources Corporation

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia and Sweden, and care and maintenance and development 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 2018 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.