



## **MANDALAY RESOURCES**

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### **MANDALAY RECEIVES SHAREHOLDER APPROVAL FOR FINANCING TRANSACTION**

#### **Subscription Receipts and Convertible Bridge Loan Converted into Common Shares**

TORONTO, ON, March 29, 2019 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce that shareholders of the Company have approved (i) the conversion of 359,400,000 subscription receipts (the "Subscription Receipts") into 359,400,000 common shares of the Company (the "Common Shares") and (ii) the conversion of an US\$8 million convertible bridge loan (the "Bridge Loan") provided by an affiliate of CE Mining Fund III L.P. ("CE Mining") to the Company on February 20, 2019, into 99,362,963 Common Shares. The Subscription Receipts were issued pursuant to an overnight marketed public offering which closed on February 20, 2019 (the "Public Offering", and collectively with the Bridge Loan, the "Financing"). Shareholders also ratified the waiver of the application of the Company's amended and restated shareholder rights plan to the Financing (the "Rights Plan Waiver"). For further details regarding the Financing, please refer to the Company's press releases dated February 11, 12, and 20, 2019.

Dominic Duffy, President and Chief Executive Officer of Mandalay commented, "We are pleased with the overwhelmingly positive result of the shareholder vote to approve the Financing. We appreciate the support and confidence of our shareholders – from those participating in the Financing, to those who voted to approve it. With this financing now complete, Mandalay is able to not only meet all of its liquidity requirements but now has the financial footing to grow both its production and exploration profiles. We are focused on putting these funds to work to improve on operations, to create value for all of our shareholders through exploration, and to lay the foundation for an exciting future which begins with a return to being a profitable, producing mining company by the end of 2019."

At the special meeting of shareholders held on March 29, 2019, the Minority Shareholders (as such term is defined in the management information circular dated March 1, 2019 (the "Circular")) of Mandalay voted 99% in favour of approving a resolution authorizing the conversion of the Subscription Receipts and the Bridge Loan into a total of 458,762,963 Common Shares, as well as the Rights Plan Waiver, all as more fully described in the Circular. A total of 79,329,853 Common Shares held by Minority Shareholders, representing 17.59% of the total number of outstanding Common Shares, were voted at the special meeting.

The Company and the underwriters of the Public Offering have provided notice to Computershare Trust Company of Canada, in its capacity as subscription receipt agent for the Subscription Receipts, that all escrow release conditions for the conversion of the Subscription Receipts have been satisfied and as a result, the 359,400,000 Subscription Receipts have been automatically converted (for no additional consideration) into Common Shares and the net proceeds from the

sale of the Subscription Receipts (after paying the commission and expenses of the underwriters in connection with the Public Offering) of approximately CAD\$40.8 million will be released to the Company. In addition, in accordance with the terms of the Bridge Loan, the full principal amount of the Bridge Loan has been automatically converted into 99,362,963 Common Shares, which remain subject to a four month hold period under applicable securities laws.

The net proceeds raised from the Financing are intended to fund working capital requirements (including capital development work at Costerfield, and tailings upgrade and capital development requirements at Björkdal), debt restructuring (including establishing cash reserves relating to the outstanding senior exchangeable gold bonds and the Company's revolving credit facilities); future planned exploration activities at high potential areas including at Costerfield, the Youle lode and deeper hole targets, and the emerging Aurora Zone at Björkdal; and for general corporate purposes.

After giving effect to the conversion of the Subscription Receipts and the Bridge Loan, there are a total of 910,358,840 Common Shares issued and outstanding. CE Mining is now the Company's largest shareholder, and owns 232,362,963 Common Shares or 25.52% of the issued and outstanding Common Shares. Under the terms of the Bridge Loan, CE Mining now has the right to nominate an additional member of Mandalay's board of directors (the "Board"). Mandalay anticipates that this additional nominee will be included in the slate of directors proposed for election at its 2019 annual meeting of shareholders (the "AGM") and will join the Board at the conclusion of the AGM.

In its press release of March 14, 2019, the Company disclosed that it intended to discharge its obligation under the terms of the Bridge Loan to arrange for the sale of approximately 28.3 million Common Shares held by Bradford A. Mills, the Chairman of the Board, and Plinian Capital Limited ("Plinian"), an entity controlled by Mr. Mills, by repurchasing these Common Shares following the conversion of the Subscription Receipts. Subsequent to that announcement, Mr. Mills and Plinian sold all of these Common Shares to third parties, which satisfied Mandalay's obligations. Accordingly, the previously announced repurchase of the Common Shares is not necessary and will not be proceeding, and the funds that would have been required to complete the repurchase will be retained by Mandalay and are available to be deployed for the uses of proceeds noted above.

**For Further Information:**

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**About Mandalay Resources Corporation:**

Mandalay 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 growing production at its gold and antimony operation in Australia, and gold production from its operation in Sweden to generate near term cash flow.

### **Forward-Looking Statements:**

This news release may contain “forward-looking statements” within the meaning of applicable securities laws. 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. There can be no assurance that Mandalay will be able to continue to operate as a going concern even with the completion of the Financing and the satisfaction of the escrow release conditions. 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. 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 28, 2019, a copy of which is available under Mandalay’s profile at [www.sedar.com](http://www.sedar.com) and in the prospectus supplement filed on February 12, 2019 by Mandalay pursuant to its (final) short form base shelf prospectus dated February 12, 2018 in connection with the Public Offering. 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.