



Mandalay Resources Corporation Announces Production and Sales Results for the Third Quarter 2018

TORONTO, ON, October 15, 2018 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) announced today its production and sales results for the third quarter of 2018.

Mandalay produced a consolidated 16,874 saleable ounces of gold equivalent and sold 18,450 ounces of gold equivalent in the third quarter of 2018.

Dominic Duffy, President and Chief Executive Officer of Mandalay, commented, "The third quarter of 2018 was lower than as expected, however the Company expects to see production improvements at both operations over the next quarter and into 2019. At Björkdal, we're anticipating a marked improvement in the rate of higher grade ore feed that is delivered to the mill. At Costerfield, with the dewatering of the Brunswick Lode and capital development work completed in the third quarter as planned, production of the higher grade Brunswick stopes is expected in the fourth quarter."

Mr. Duffy continued, "Björkdal produced 8,504 ounces of gold in the third quarter of 2018. Third quarter production was impacted by a bottleneck in the haulage rate from the underground mine to the mill, as delays were encountered in the delivery of new trucks with the changeover of the underground haulage contractor. This meant increased processing of lower grade stockpile ore during the quarter, instead of the higher grade ore. We expect this bottleneck to be resolved early in the fourth quarter as the new haulage trucks are delivered to site, allowing the haulage rate of the higher grade underground ore to increase."

Mr. Duffy concluded, "Costerfield produced 8,370 gold equivalent ounces in the third quarter of 2018. With the production transition of the Brunswick Lode completed, we expect an increase in ounces from the development and stoping of the higher grade areas of the mine. The infill and extension drilling at the high-grade Youle Lode continued in the third quarter with promising results. The Company will provide an update on these results once the drilling program is completed and results are confirmed (see announcements April 3, and June 27, 2018)."

Saleable production for the three months ended September 30, 2018:

- The Company produced a total of 13,442 ounces gold and 505 tonnes antimony, representing a total of 16,874 ounces of gold equivalent production in the third quarter of 2018, versus 20,603 ounces gold and 804 tonnes of antimony in the third quarter of 2017, representing a total of 25,819 ounces of gold equivalent.
- Production at Björkdal (Sweden) was 8,504 ounces gold in the third quarter of 2018, as compared to 13,233 ounces gold in the third quarter of 2017.
- Production at Costerfield (Australia) was 4,938 ounces gold and 505 tonnes antimony in the third quarter of 2018, versus 7,370 ounces gold and 804 tonnes antimony in the third quarter of 2017.

- Production at Cerro Bayo (Chile) remains suspended; therefore, there was no production in the third quarter of 2018.

Saleable production for the nine months ended September 30, 2018:

- The Company produced a total of 51,899 ounces gold and 1,613 tonnes antimony, representing a total of 62,395 ounces of gold equivalent production, versus 70,192 ounces gold, 2,310 tonnes of antimony and 794,533 ounces silver in the corresponding nine months of 2017, representing a total of 96,791 ounces of gold equivalent.
- Production at Björkdal was 35,237 ounces gold.
- Production at Costerfield was 16,662 ounces gold and 1,613 tonnes antimony.
- Production at Cerro Bayo remains suspended; therefore, there was no production in 2018.

Table 1 – Third quarter and nine months saleable production for 2018 and 2017

Metal	Source	Three months ended 30 September 2018	Three months ended 30 September 2017	Nine months ended 30 September 2018	Nine months ended 30 September 2017
Gold (oz)	Björkdal	8,504	13,233	35,237	39,993
	Costerfield	4,938	7,370	16,662	24,290
	Cerro Bayo	-	-	-	5,909
	Total	13,442	20,603	51,899	70,192
Antimony (t)	Costerfield	505	804	1,613	2,310
Silver (oz)	Cerro Bayo	-	-	-	794,533
Average quarterly prices:					
Gold US\$/oz		1,213	1,278		
Antimony US\$/t		8,252	8,293		
Silver US\$/oz		15.00	16.85		
Au Eq. (oz) ¹	Björkdal	8,504	13,233	35,237	39,993
	Costerfield	8,370	12,586	27,158	39,777
	Cerro Bayo	-	-	-	17,021
	Total	16,874	25,819	62,395	96,791

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.

Sales for the three months ended September 30, 2018:

- The Company sold 15,144 ounces gold and 486 tonnes antimony, representing a total of 18,450 ounces of gold equivalent in the third quarter of 2018, versus 21,749 ounces gold, 697 tonnes antimony, and 78,805 ounces silver in the third quarter of 2017, representing a total of 27,310 ounces of gold equivalent.
- Björkdal sold 10,400 ounces gold in the third quarter of 2018, versus 13,620 ounces gold in the third quarter of 2017.
- Costerfield sold 4,744 ounces gold and 486 tonnes antimony in the third quarter of 2018, versus 7,500 ounces gold and 697 tonnes antimony in the third quarter of 2017.
- Cerro Bayo had no sales in the third quarter of 2018, as production remains suspended.

Sales for the nine months ended September 30, 2018:

- The Company sold 58,448 ounces gold and 1,725 tonnes antimony, representing a total of 69,650 ounces of gold equivalent, versus 70,313 ounces gold, 2,211 tonnes antimony, and 908,498 ounces silver in the third quarter of 2017, representing a total of 97,820 ounces of gold equivalent.
- Björkdal sold 40,505 ounces gold.
- Costerfield sold 17,943 ounces gold and 1,725 tonnes antimony.
- Cerro Bayo had no sales during 2018, as production remains suspended.

Table 2 – Third quarter sales and nine months sales for 2018 and 2017

Metal	Source	Three months ended 30 September 2018	Three months ended 30 September 2017	Nine months ended 30 September 2018	Nine months ended 30 September 2017
Gold (oz)	Björkdal	10,400	13,620	40,505	39,493
	Costerfield	4,744	7,500	17,943	23,959
	Cerro Bayo	-	629	-	6,861
	Total	15,144	21,749	58,448	70,313
Antimony (t)	Costerfield	486	697	1,725	2,211
Silver (oz)	Cerro Bayo	-	78,805	-	908,498
Average quarterly prices:					
Gold US\$/oz		1,213	1,278		
Antimony US\$/t		8,252	8,293		
Silver US\$/oz		15.00	16.85		
Au Eq. (oz) ¹	Björkdal	10,400	13,620	40,505	39,493
	Costerfield	8,050	12,023	29,145	38,826
	Cerro Bayo	-	1,667	-	19,501
	Total	18,450	27,310	69,650	97,820

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 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.