



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

TORONTO, ON, July 10, 2018 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) announced today its production and sales results for the second quarter of 2018.

Mandalay produced a consolidated 22,348 saleable ounces of gold equivalent and sold 22,052 ounces of gold equivalent in the second quarter of 2018.

Dominic Duffy, President and Chief Executive Officer of Mandalay, commented, "The second quarter of 2018 was a transitional production and sales quarter for Mandalay as the Company began to transition production into the Brunswick Lode at Costerfield. Over the next two quarters we expect to see production lift at both operations due to the initiation of mining operations at Brunswick, and mining anticipated higher grades at Björkdal. Consequently, the Company remains confident that it will reach its 2018 production guidance of 101,000 to 113,000 gold equivalent ounces."

Mr. Duffy continued, "Björkdal produced 14,017 ounces of gold in the second quarter of 2018. The Company is in the process of adding automation controls to the processing plant and we are beginning to see additional recovery improvements of approximately 1% as the circuit stabilizes. This is also expected to result in the removal of more gold in the gravity circuit, with the overall impact of improving our payables."

Mr. Duffy concluded, "Costerfield produced 8,331 gold equivalent ounces in the second quarter of 2018. Second quarter production was lower than in the previous year quarter due to a combination of expected lower mining grades and available ore in the current producing areas. The Company intercepted the Brunswick Lode during the second quarter and is currently dewatering this Lode. We expect a significant increase in production once dewatering is completed and mining initiated during the third quarter. Simultaneously, we are aggressively continuing our infill and extensional drilling program on the Youle lode."

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

- The Company produced a total of 19,154 ounces gold and 503 tonnes antimony, representing a total of 22,348 ounces of gold equivalent production in the second quarter of 2018, versus 28,219 ounces gold, 765 tonnes of antimony and 359,457 ounces silver in the second quarter of 2017, representing a total of 38,491 ounces of gold equivalent.
- Production at Björkdal (Sweden) was 14,017 ounces gold in the second quarter of 2018, as compared to 16,112 ounces gold in the second quarter of 2017.
- Production at Costerfield (Australia) was 5,137 ounces gold and 503 tonnes antimony in the second quarter of 2018, versus 8,933 ounces gold and 765 tonnes antimony in the second quarter of 2017.

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

Table 1 – Second quarter and six month saleable production for 2018 and 2017

Metal	Source	Three months ended 30 June 2018	Three months ended 30 June 2017	Six months ended 30 June 2018	Six months ended 30 June 2017
Gold (oz)	Björkdal	14,017	16,112	26,733	26,760
	Costerfield	5,137	8,933	11,724	16,920
	Cerro Bayo	-	3,174	-	5,909
	Total	19,154	28,219	38,457	49,589
Antimony (t)	Costerfield	503	765	1,108	1,506
Silver (oz)	Cerro Bayo	-	359,457	-	794,533
Average quarterly prices:					
Gold US\$/oz		1,307	1,256		
Antimony US\$/t		8,295	8,816		
Silver US\$/oz		16.55	17.15		
Au Eq. (oz) ¹	Björkdal	14,017	16,112	26,733	26,760
	Costerfield	8,331	14,300	18,787	27,191
	Cerro Bayo	-	8,079	-	17,021
	Total	22,348	38,491	45,520	70,972

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.

Saleable production for the six months ended June 30, 2018:

- The Company produced a total of 38,457 ounces gold and 1,108 tonnes antimony, representing a total of 45,520 ounces of gold equivalent production, versus 49,589 ounces gold, 1,506 tonnes of antimony and 794,533 ounces silver in the corresponding six months of 2017, representing a total of 70,972 ounces of gold equivalent.
- Production at Björkdal was 26,733 ounces gold.
- Production at Costerfield was 11,724 ounces gold and 1,108 tonnes antimony.
- Production at Cerro Bayo remains suspended; therefore, there was no production in 2018.

Sales for the three months ended June 30, 2018:

- The Company sold 18,497 ounces gold and 560 tonnes antimony, representing a total of 22,052 ounces of gold equivalent in the second quarter of 2018, versus 24,898 ounces gold, 806 tonnes antimony, and 377,916 ounces silver in the second quarter of 2017, representing a total of 35,709 ounces of gold equivalent.

- Björkdal sold 12,428 ounces gold in the second quarter of 2018, versus 12,752 ounces gold in the second quarter of 2017.
- Costerfield sold 6,069 ounces gold and 560 tonnes antimony in the second quarter of 2018, versus 8,912 ounces gold and 806 tonnes antimony in the second quarter of 2017.
- Cerro Bayo had no sales in the second quarter of 2018, as production remains suspended.

Sales for the six months ended June 30, 2018:

- The Company sold 43,305 ounces gold and 1,239 tonnes antimony, representing a total of 51,203 ounces of gold equivalent, versus 48,564 ounces gold, 1,514 tonnes antimony, and 829,693 ounces silver in the second quarter of 2017, representing a total of 70,510 ounces of gold equivalent.
- Björkdal sold 30,105 ounces gold.
- Costerfield sold 13,200 ounces gold and 1,239 tonnes antimony.
- Cerro Bayo had no sales during 2018, as production remains suspended.

Table 2 – Second quarter and six month sales for 2018 and 2017

Metal	Source	Three months ended 30 June 2018	Three months ended 30 June 2017	Six months ended 30 June 2018	Six months ended 30 June 2017
Gold (oz)	Björkdal	12,428	12,752	30,105	25,873
	Costerfield	6,069	8,912	13,200	16,459
	Cerro Bayo	-	3,232	-	6,232
	Total	18,497	24,896	43,305	48,564
Antimony (t)	Costerfield	560	806	1,239	1,514
Silver (oz)	Cerro Bayo	-	377,916	-	829,693
Average quarterly prices:					
Gold US\$/oz		1,307	1,256		
Antimony US\$/t		8,295	8,816		
Silver US\$/oz		16.55	17.15		
Au Eq. (oz) ¹	Björkdal	12,428	12,752	30,105	25,873
	Costerfield	9,624	14,568	21,098	26,803
	Cerro Bayo	-	8,389	-	17,834
	Total	22,052	35,709	51,203	70,150

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.

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, 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.