



## **MANDALAY RESOURCES DRILLS MULTIPLE HIGH-GRADE INTERCEPTS BENEATH HISTORIC COSTERFIELD MINE, VICTORIA AUSTRALIA**

TORONTO, ON, April 3, 2018 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) is pleased to provide results from recent diamond drilling at its Costerfield Operations in Victoria, Australia.

This press release refers to tables and figures. The accompanying Table 2 can be found at the end of this press release, whereas the accompanying Figures 1, 2 and 3 can be found in an exploration presentation posted on the Company's website at the following address: [http://www.mandalayresources.com/investor-presentations/#Technical Presentations](http://www.mandalayresources.com/investor-presentations/#Technical_Presentations)

Mandalay's recent and ongoing exploration drilling campaign on the property targets projections of veins beneath the historic Kendall and Costerfield mine, which was the largest historical producer in the district from 1864 to 1938 (Figure 1). Resulting intercepts demonstrate gold-antimony mineralization along a strike length of approximately 600 m and a dip length of approximately 200 m (Figures 2 and 3).

Highlights from drilling include the following six intercepts, which delineate a high-grade core of mineralization along the Costerfield Deeps projection measuring approximately 400 in strike by 150 m down-dip. The Company has named this emerging shoot the Youle vein after one of the three original prospectors in the district.

**Table 1: Highlights of drill intercepts on the Youle Vein**

<b>Hole</b>	<b>True Width (m)</b>	<b>Gold (g/t)</b>	<b>Sb (%)</b>	<b>AuEq (g/t) over min. 1.8 m mining width</b>
BC021A	0.58	272.1	13.3	94.7
BC011	3.50	14.7	10.9	65.9
BC015	0.37	120.9	11.1	28.6
BC006W1	0.57	59.8	3.2	20.5
BC019	0.18	16.2	55.8	11.4
BC002	0.15	76.4	33.3	11.3

\*Using metal prices of \$1,400/oz Au and \$10,000/t Sb  
 - AuEq(g/t) = Au(g) + Sb(%) ×  $\frac{\text{Price per 10 Sb(kg)} \times \text{Sb Recovery}(\%)}{\text{Price per 1 Au(g)} \times \text{Au Recovery}(\%)}$

Mark Sander, President and Chief Executive Officer of Mandalay commented, "We are encouraged by the high-grade cluster of drill intercepts defining the core of the emerging Youle vein beneath the historic Costerfield mine. This setting is similar to the locations of the Augusta Lodes, the Cuffley Lode and the Brunswick Lode beneath other historic mines of the district, all of which Mandalay has converted to Mineral Reserves and has either mined or is preparing to mine.

"The drill hole intercepts of Youle reported in this press release contain some extraordinary gold and antimony grades that dilute to potentially minable gold equivalent grades over our minimum mining width of 1.8 m. As well, the strike length (400-600 m) and depth extent (150-200 m) of the intercepts are entirely consistent with the dimensions of orebodies we have found beneath the other historic mines in the district that have proved very profitable for Mandalay."

Mr. Sander concluded, "There is room to grow this discovery along strike and down dip. The fact that Youle lies just several hundred metres to one kilometre from the Brunswick Lode, to which capital development access will be created later this quarter, suggests that there is potential to access the shoot quickly and for limited development capital. We plan to add additional surface rigs to the Youle drilling program to expand and infill high-grade mineralization as quickly as possible, with the goal of adding significantly to the Company's Mineral Resources and Reserves by the end of 2018."

### **Youle Drill Campaign History**

Mandalay has drilled 27 diamond holes into the historic Costerfield mine area in three campaigns (2011, 2014 and 2017-2018). The Company reported significant early results from the Youle drill program in July, 2017 (see Mandalay July 24, 2017, press release). Drilling accelerated in late 2017 after it was clear that Mandalay would commit to developing the Brunswick Lode, which will halve the distance to access Youle from then-limits of mining at Cuffley, and after significant advances were made in the understanding of the local mineralization. This program continued into 2018 with new results reported here leading to preliminary interpretation of Youle mineralization as a downward offset of the historically mined Costerfield Lode (Figures 2 and 3).

### **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](http://www.sedar.com)), which contains a complete description of drilling, sampling, and assaying procedures.)

**Table 2: Significant Drill Intercepts at Youle**

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)	Target
BC018	26/02/2018	402.0	15353	6523	1022	0.16	0.16	0.5	7.8	14.3	Youle Parallel Mineralization
BC017	14/02/2018	330.0	15339	6556	980	0.10	0.10	0.3	4.3	7.9	Youle
MB011	24/10/2011	480.0	15375	6629	914	0.07	0.06	130.9	44.6	209.4	Youle
MB011	24/10/2011	480.0	15369	6631	923	0.14	0.12	30.8	18.7	63.7	Youle Parallel Mineralization
BC001	8/07/2014	394.2	15399	6650	1007	0.10	0.07	3.1	0.8	4.5	Youle
BC013	23/01/2018	420.3	15326	6703	880	0.14	0.12	0.4	0.0	0.4	Youle
BC019	14/03/2018	386.9	15399	6745	952	0.18	0.18	16.2	55.8	114.4	Youle
BC007W1	5/06/2017	821.3	15235	6778	798	0.10	0.09	3.4	6.0	14.0	Youle
BC016	19/03/2018	401.7	15329	6786	854	0.21	0.17	9.6	14.3	34.8	Youle
BC002	18/06/2014	464.7	15372	6837	909	0.17	0.15	76.4	33.3	135.0	Youle
BC015	7/03/2018	431.7	15340	6925	834	0.47	0.37	120.9	11.1	140.4	Youle
BC006W1	29/06/2017	720.0	15362	6979	828	1.01	0.57	59.8	3.2	65.4	Youle
BC021A	21/03/2018	374.7	15408	6980	891	0.61	0.58	272.1	13.3	295.5	Youle
MB012	29/11/2011	475.3	15409	7047	895	0.15	0.10	94.1	19.3	128.1	Youle
BC010	3/01/2018	330.9	15450	7054	1002	0.19	0.10	6.8	13.7	31.0	Kendall West
BC010	3/01/2018	330.9	15445	7054	1008	0.27	0.14	21.1	12.5	43.1	Kendall West
BC011	17/01/2018	450.1	15394	7094	828	1.70	0.58	60.6	53.1	154.0	Youle
BC011*	17/01/2018	450.1	15394	7094	828	10.24	3.50	14.7	10.9	33.9	Youle Extended Composite
BC011W2	6/02/2018	395.7	15410	7126	858	0.32	0.08	9.1	5.4	18.6	Youle
BC014	7/03/2018	500.6	15373	7185	789	1.17	0.64	2.5	1.5	5.2	Youle West Splay
BC014	7/03/2018	500.6	15378	7185	756	0.23	0.15	0.3	1.0	1.9	Youle
BC014W1	19/01/2018	389.4	15384	7189	846	0.92	0.64	0.6	0.8	2.0	Youle West Splay
BC014W1	19/01/2018	389.4	15400	7191	810	0.11	0.10	0.7	7.4	13.7	Youle West Splay

Notes:

\* Inclusive of other BC011 intercept.

- Using metal prices of \$1,400/oz Au and \$10,000/t Sb

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

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

### **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:**

Mark Sander  
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. 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](http://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.*