



Mandalay Resources Corporation Announces Production and Sales Results for the Fourth Quarter and Full Year 2017, Provides Production and Cost Guidance for 2018

TORONTO, ON, January 15, 2018 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today its production and sales results for the fourth quarter of 2017.

In the fourth quarter of 2017, Mandalay produced a consolidated 34,395 saleable ounces of gold equivalent and sold 29,547 ounces of gold equivalent. For the full year ended December 31, 2017, Mandalay produced 131,186 saleable ounces of gold equivalent and sold 127,367 ounces of gold equivalent.

Mark Sander, President and Chief Executive Officer of Mandalay, commented, "The Company's superb fourth quarter performance at Björkdal, in which it produced 22,035 ounces of gold, enabled Mandalay to beat its annual consolidated revised guidance issued on August 10, 2017. The Björkdal result for the quarter is a record under Mandalay ownership, more than double the production of the year-ago quarter. On an annual basis, the total 62,028 ounces produced by Björkdal in 2017 is not only 30% greater than in the previous year, but is also the highest production from the mine since 1998. This performance is due to continued grade control discipline and the ability of the mine to deliver larger quantities of highest quality "A" ore to the plant. As well, we received a boost from positive reconciliations of mined "A" ore grades to our block model in the quarter.

"Costerfield produced 12,360 gold equivalent ounces in the fourth quarter of 2017 and 52,137 gold equivalent ounces for the full year. The fourth quarter production was similar to that of the fourth quarter of 2016; it remains consistent with the previous three quarters of this year and also with the current grade profile of the mine. We are on track with respect to the capital development program, announced in November, 2017, to reach the Brunswick vein and extend mine life."

Dr. Sander continued, "At Cerro Bayo, where production has remained suspended since the June 9, 2017, inundation, a diligent and committed permitting process is underway to work with regulators to receive the outstanding permits necessary to restart the mine and complete the life of mine plan."

Dr. Sander concluded, "Lastly, I am delighted to note that Mandalay's consolidated production from our two currently producing assets during the fourth quarter of 2017 was higher than in the fourth quarter of 2016, when all three mines were operating. This resiliency is characteristic of our multi-mine Company and, more importantly, of our people."

Saleable production for the three months ended December 31, 2017:

- The Company produced a total of 29,257 ounces gold and 805 tonnes antimony, representing a total of 34,395 ounces of gold equivalent production in the fourth quarter of 2017, versus

21,264 ounces gold, 792 tonnes of antimony and 365,214 ounces silver, representing a total of 31,293 ounces of gold equivalent in the fourth quarter of 2016.

- Production at Costerfield (Australia) was 7,222 ounces gold and 805 tonnes antimony in the fourth quarter of 2017, versus 7,523 ounces gold and 792 tonnes antimony in the fourth quarter of 2016.
- Production at Björkdal (Sweden) was 22,035 ounces gold in the fourth quarter of 2017, as compared to 10,934 ounces gold in the fourth quarter of 2016.
- Production at Cerro Bayo (Chile) has been suspended since June 9, 2017 due to the flooding incident; therefore, there was no production in the fourth quarter.

Saleable production for the year ended December 31, 2017:

- The Company produced a total of 99,449 oz gold, 3,115 tonnes antimony and 794,533 ounces silver, representing a total of 131,186 ounces of gold equivalent in 2017, versus 103,245 ounces gold, 3,598 tonnes antimony and 1,731,031 ounces silver, representing a total of 145,497 ounces gold equivalent in 2016.
- Production at Costerfield was 31,512 ounces gold and 3,115 tonnes antimony.
- Production at Björkdal was 62,028 ounces gold.
- Production at Cerro Bayo was 5,909 ounces gold and 794,533 ounces silver.

Table 1 – Fourth quarter and full year saleable production for 2017 and 2016

Metal	Source	Three months ended 31 December 2017	Three months ended 31 December 2016	Year ended 31 December 2017	Year ended 31 December 2016
Gold (oz)	Costerfield	7,222	7,523	31,512	41,310
	Björkdal	22,035	10,934	62,028	48,143
	Cerro Bayo	-	2,807	5,909	13,792
	Total	29,257	21,264	99,449	103,245
Antimony (t)	Costerfield	805	792	3,115	3,598
Silver (oz)	Cerro Bayo	-	365,214	794,533	1,731,031
Average quarterly prices:					
Gold US\$/oz		1,275	1,218		
Antimony US\$/t		8,137	7,498		
Silver US\$/oz		16.71	17.17		
Au Eq. (oz) ¹	Costerfield	12,360	12,403	52,137	60,076
	Björkdal	22,035	10,934	62,028	48,143
	Cerro Bayo	-	7,956	17,021	37,278
	Total	34,395	31,293	131,186	145,497

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 December 31, 2017:

- The Company sold 24,902 ounces gold and 668 tonnes antimony, representing a total of 29,164 ounces of gold equivalent in the fourth quarter of 2017, versus 19,445 ounces gold, 883 tonnes antimony, and 320,175 ounces silver, representing a total of 29,399 ounces of gold equivalent in the fourth quarter of 2016.
- Costerfield sold 6,337 ounces gold and 668 tonnes antimony in the fourth quarter of 2017, versus 8,040 ounces gold and 883 tonnes antimony in the fourth quarter of 2016.
- Björkdal sold 18,565 ounces gold in the fourth quarter of 2017, versus 8,979 ounces gold in the fourth quarter of 2016.
- Cerro Bayo sold 142 ounces gold and 18,334 ounces silver in the fourth quarter of 2017, versus 2,426 ounces gold and 320,175 ounces silver in the fourth quarter of 2016.

Sales for the year ended December 31, 2017:

- The Company sold 95,215 ounces gold, 2,879 tonnes antimony, and 908,498 ounces silver, representing a total of 127,367 ounces of gold equivalent in 2017, versus 103,467 ounces gold, 3,573 tonnes antimony, and 1,796,693 ounces silver, representing a total of 146,564 ounces of gold equivalent in the year ended December 31, 2016.
- Costerfield sold 30,296 ounces gold and 2,879 tonnes antimony.
- Björkdal sold 58,058 ounces gold.
- Cerro Bayo sold 7,003 ounces gold and 926,832 ounces silver.

Table 2 – Fourth quarter and full year sales for 2017 and 2016

Metal	Source	Three months ended 31 December 2017	Three months ended 31 December 2016	Year ended 31 December 2017	Year ended 31 December 2016
Gold (oz)	Costerfield	6,337	8,040	30,296	40,161
	Björkdal	18,565	8,979	58,058	47,887
	Cerro Bayo	142	2,426	7,003	15,419
	Total	25,044	19,445	95,215	103,467
Antimony (t)	Costerfield	668	883	2,879	3,573
Silver (oz)	Cerro Bayo	18,334	320,175	926,832	1,796,693
Average quarterly prices:					
Gold US\$/oz		1,275	1,218		
Antimony US\$/t		8,137	7,498		
Silver US\$/oz		16.71	17.17		
Au Eq. (oz) ¹	Costerfield	10,599	13,480	49,425	58,937
	Björkdal	18,565	8,979	58,058	47,887
	Cerro Bayo	383	6,940	19,884	39,740
	Total	29,547	29,399	127,367	146,564

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.

Production and cost guidance for full year 2018:

Table 3 – 2018 guidance

	Björkdal	Costerfield	Cerro Bayo	Consolidated
Saleable Au produced (koz)	56-63	27-30	-	83-93
Saleable Sb produced (kt)	-	2.8-3.2	-	-
Saleable Au Eq produced (koz)*	56-63	45-50	-	101-113
Cash cost, \$/oz Au Eq	820-920	720-770	N/A	835-910
All-in cost, \$/oz Au Eq	1,060-1,210	1,150-1,250	N/A	1,155-1,280
Capex, \$ million	18-21	18-21	-	37-41
(including exploration)	3.4	2.9	-	6.3
Net care & maintenance, \$ million	N/A	N/A	2.5-3	2.5-3
Corporate administration, \$ million	N/A	N/A	N/A	6-6.7

*Assumes full-year 2018 metal prices of: Au \$1,306/oz and Sb \$8,361/t.

Mandalay's 2018 production and cost guidance is based on:

- Production and cost
 - Björkdal – Continued strong production, although not relying on the fourth quarter positive grade reconciliations to continue at the same rate.
 - Costerfield – Production consistent with expected lower grades in Cuffley and the Brunswick mine while continuing strong cost control.
 - Cerro Bayo – In line with Mandalay's determination to reopen the mine when all permits necessary for the life of mine plan are received and based on the latest information regarding permitting schedules. Cerro Bayo will remain on care and maintenance through 2018; the Company currently anticipates restart in the first quarter of 2019.
- Capital Expenditures
 - Björkdal – Capital will be spent on underground development, prestrip, near-term tailings dam improvements, and land acquisition for the future tailings dam currently in permitting.
 - Costerfield – Capital will be spent on developing the Brunswick orebody and a tailings dam expansion to cover the extended life of mine including Brunswick.
- Exploration
 - Björkdal – \$3.4 million will be spent on exploring for near-term mineral reserve additions, with a focus on open pit reserves.
 - Costerfield – \$2.9 million will be spent, mostly on drilling the emerging Costerfield Deeps and Kendall high-grade targets.

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 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 2017 fiscal year, and the Company's production of gold and antimony for the 2018 fiscal year and the anticipated restart of the Company's Cerro Bayo mine. 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 31, 2017, 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.