



Mandalay Resources Corporation Announces Production and Sales Results for the Third Quarter of 2017

TORONTO, ON, October 10, 2017 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today its production and sales results for the third quarter of 2017.

Mandalay produced a consolidated 25,819 saleable ounces of gold equivalent and sold 27,310 ounces of gold equivalent in the third quarter of 2017. For the nine months ended September 2017, Mandalay produced 96,791 saleable ounces of gold equivalent and sold 97,820 ounces of gold equivalent.

Mark Sander, President and Chief Executive Officer of Mandalay, commented, "Björkdal and Costerfield both delivered strong production and sales in the third quarter of 2017, and we remain on track to deliver our revised guidance based on full-year production from these two assets."

Dr. Sander continued, "Björkdal produced 13,233 ounces of gold in the third quarter of 2017, which was a record third quarter performance at the mine under Mandalay ownership. The mine has produced at an annualized rate of almost 60,000 ounces of gold through the second and third quarters as a result of the combined impacts of our grade control and mine debottlenecking programs. Strong mining performance was augmented by the successful commissioning of the flotation expansion project, completed on budget and ahead of schedule, which increased gold recoveries in the latter part of the quarter. Björkdal has clearly moved beyond the step changes envisioned by Mandalay at the time of acquisition and has now embarked on a program of self-generated, continuous improvement."

Dr. Sander added, "Costerfield continued its solid performance with production of 12,586 gold equivalent ounces in the third quarter of 2017. While slightly lower than the third quarter production of the previous year, production remains consistent with the previous three quarters and the current grade profile of the mine.

"Operations at Cerro Bayo remained suspended for the third quarter of 2017 as previously disclosed in our prior news releases. Cerro Bayo will remain on care and maintenance for the rest of 2017 while safety investigations are completed and Life of Mine permitting is advanced."

Dr. Sander concluded, "Our producing assets continue to perform well, and we are confident that this strong performance will continue. With this solid operational underpinning, Mandalay looks forward to growing Mineral Resources and Reserves at our current operations, establishing a safe and sound basis for resumption of mining at Cerro Bayo, and capturing accretive acquisition opportunities to which we can add significant value."

Saleable Production for the Three Months Ended September 30, 2017:

- The Company produced a total of 20,603 ounces gold and 804 tonnes antimony, representing a total of 25,819 ounces of gold equivalent, versus 24,309 ounces gold, 844 tonnes of antimony and 388,139 ounces silver, representing a total of 34,586 ounces of gold equivalent in the third quarter of 2016.
- Production at Costerfield (Australia) was 7,370 ounces gold and 804 tonnes antimony, versus 9,102 ounces gold and 844 tonnes antimony in the third quarter of 2016.
- Production at Björkdal (Sweden) was 13,233 ounces gold as compared to 12,376 ounces gold in the third quarter of 2016.
- Production at Cerro Bayo (Chile) has been suspended for the completion of the safety investigation while permitting activities continue, permitting since June 9, 2017, due to the inundation of the Delia NW mine. Therefore, no production occurred this quarter.

Saleable Production for the Nine Months Ended September 30, 2017:

- The Company produced a total of 70,192 ounces gold, 2,310 tonnes antimony and 794,533 ounces silver, representing a total of 96,791 ounces of gold equivalent production, versus 81,981 ounces gold, 2,806 tonnes antimony and 1,365,817 ounces silver, representing a total of 114,204 ounces gold equivalent in the corresponding nine months of 2016.
- Production at Costerfield was 24,290 ounces gold and 2,310 tonnes antimony.
- Production at Björkdal was 39,993 ounces gold.
- Production at Cerro Bayo was 5,909 ounces gold and 794,533 ounces silver.

Table 1 – Third Quarter and Nine Month Saleable Production for 2017 and 2016

Metal	Source	Three months ended 30 September 2017	Three months ended 30 September 2016	Nine months ended 30 September 2017	Nine months ended 30 September 2016
Gold (oz)	Costerfield	7,370	9,102	24,290	33,787
	Björkdal	13,233	12,376	39,993	37,209
	Cerro Bayo	-	2,831	5,909	10,985
	Total	20,603	24,309	70,192	81,981
Antimony (t)	Costerfield	804	844	2,310	2,806
Silver (oz)	Cerro Bayo	-	388,139	794,533	1,365,817
Average quarterly prices:					
Gold US\$/oz					
Antimony US\$/t					
Silver US\$/oz					
Au Eq. ¹ (oz) ¹	Costerfield	12,586	13,684	39,777	47,673
	Björkdal	13,233	12,376	39,993	37,209
	Cerro Bayo	-	8,526	17,021	29,322
	Total	25,819	34,586	96,791	114,204

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, 2017:

- The Company sold 21,749 ounces gold, 697 tonnes antimony, and 78,805 ounces silver, representing a total of 27,310 ounces of gold equivalent, versus 24,888 ounces gold, 804 tonnes antimony, and 433,904 ounces silver, representing a total of 35,617 ounces of gold equivalent in the third quarter of 2016.
- Costerfield sold 7,500 ounces gold and 697 tonnes antimony, versus 8,865 ounces gold and 804 tonnes antimony in the third quarter of 2016.
- Björkdal sold 13,620 ounces gold, versus 12,758 ounces gold in the third quarter of 2016.
- Cerro Bayo sold 629 ounces gold and 78,805 ounces silver, versus 3,265 ounces gold and 433,904 ounces silver in the third quarter of 2016.

Sales for the Nine Months Ended September 30, 2017:

- The Company sold 70,313 ounces gold, 2,211 tonnes antimony, and 908,498 ounces silver, representing a total of 97,820 ounces of gold equivalent, versus 84,022 ounces gold, 2,690 tonnes antimony, and 1,476,518 ounces silver, representing a total of 117,165 ounces of gold equivalent in the nine months ended September 30, 2016.
- Costerfield sold 23,959 ounces gold and 2,211 tonnes antimony.
- Björkdal sold 39,493 ounces gold.
- Cerro Bayo sold 6,861 ounces gold and 908,498 ounces silver.

Table 2 – Third Quarter and Nine Month Sales for 2017 and 2016

Metal	Source	Three months ended 30 September 2017	Three months ended 30 September 2016	Nine months ended 30 September 2017	Nine months ended 30 September 2016
Gold (oz)	Costerfield	7,500	8,865	23,959	32,121
	Björkdal	13,620	12,758	39,493	38,908
	Cerro Bayo	629	3,265	6,861	12,993
	Total	21,749	24,888	70,313	84,022
Antimony (t)	Costerfield	697	804	2,211	2,690
Silver (oz)	Cerro Bayo	78,805	433,904	908,498	1,476,518
Average quarterly prices:					
Gold US\$/oz					
Antimony US\$/t					
Silver US\$/oz					
Au Eq. (oz) ¹	Costerfield	12,023	13,228	38,826	45,457
	Björkdal	13,620	12,758	39,493	38,908
	Cerro Bayo	1,667	9,631	19,501	32,800
	Total	27,310	35,617	97,820	117,165

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 and 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 2017 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 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.