

Mandalay Resources Corporation Moves to Care and Maintenance at its Cerro Bayo (Chile) Mine

TORONTO, ON, September 29, 2017 – Mandalay Resources Corporation (“Mandalay” or the “Company”) (TSX: MND), announced today that it is moving to care and maintenance status at its Cerro Bayo operations effective today. Mine production there has been suspended since the June 9, 2017 inundation of the Delia NW mine.

In the transition to care and maintenance, the workforce is being substantially reduced in order to preserve the Company’s financial capacity to invest in restarting operations once it is confident that this can be accomplished safely and all permits are obtained.

Continuing employees will be engaged in:

- ongoing care and maintenance of the mine, plant, and infrastructure for restart at short notice and low cost;
- supporting completion of the third party investigation and risk assessment for safely resuming underground mining in the Laguna Verde area, which contains more than 70% of the current reserves;
- obtaining all permits necessary to mine the current reserves; and
- drilling the highest priority exploration targets for additional reserves.

The technical investigation and risk assessment to support safe future mining in the Laguna Verde area will be completed in the fourth quarter of 2017. These studies are necessary to ensure Mandalay, its employees, and the Chilean regulators that the Company can operate safely around Laguna Verde.

Mark Sander, President and CEO of Mandalay Resources, commented, “The Company wishes to express its gratitude to its employees, suppliers, and Chilean authorities for their support since the inundation.

“We are committed to safe mining at Cerro Bayo and delivering the value this operation can create for employees through well-paid jobs; for the community through the purchase of goods and services from local businesses; for Chilean local and national governments through the payment of taxes on future operations; and for our shareholders. While we regret the impact this situation has on our employees and the community, in order to deliver this future value, we must take steps now to ensure we have the financial capacity to invest in the restart once all permits are received.”

Dr. Sander concluded, “We look forward to working with the various Chilean governmental agencies to expeditiously complete all of the life of mine permits incorporating the recommendations of the technical studies.”

About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with operations in Australia, Chile, and Sweden, and a development project 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 31, 2017, a copy of which is available under Mandalay's profile at www.sedar.com. 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.

For Further Information:

Mark Sander
President and Chief Executive Officer
Contact: +1.647.260.1566

Greg DiTomaso
Director of Investor Relations