



Mandalay Resources Corporation Announces New US\$40 Million Revolving Credit Facility and Change to Dividend Policy

TORONTO, ON, July 25, 2017 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today that it has entered into a senior secured revolving credit facility with HSBC Bank Canada for up to US\$40 million (the "Facility"). The Facility matures on July 24, 2020. Proceeds from the Facility will be used for working capital, capital expenditures, permitted acquisitions and other general corporate purposes.

Amounts drawn on the Facility will bear interest at LIBOR plus 3.5%-4.5% per annum or at HSBC's "base rate" plus 2.5%-3.5%, depending on the Company's leverage ratio. The undrawn portion of the Facility is subject to a standby fee of 1.0% per annum. The Facility is secured by a first ranking security interest over substantially all of the Company's assets, excluding the Company's Australian subsidiaries and its Costerfield mine and subject to permitted liens.

The Facility includes a number of customary positive and negative covenants, including a prohibition on the payment of dividends by the Company without HSBC's consent. As a result, in connection with entering into the Facility, the Company has agreed to suspend its dividend until it has greater clarity on its future cash flows, including the cost, timing and financial impact of restarting its Cerro Bayo operations. Future payment of dividends will require HSBC's consent as long as the Facility remains outstanding. Accordingly, the Company cannot provide any assurance as to when and in what amounts (if at all) it will be able to resume paying dividends. The board of directors of the Company will evaluate the Company's financial position on an ongoing basis with a view to potentially reinstating dividends when feasible.

Mark Sander, President and Chief Executive Officer of Mandalay, commented, "This new revolving credit facility completes the planned restructuring of Mandalay's debt, which began with the repurchase of \$30 million of the 5.875% secured exchangeable bonds issued by Gold Exchange Limited and an amendment of the terms of the remaining \$30 million that included an extension of the maturity date to May 2022 (see press release of May 24, 2017). The combination of the re-set of the exchangeable bonds and the new revolver increases our financial flexibility, leaving the Company well-funded to maintain its capital investment program in its existing mines and to provide excess working capital. It also will allow the Company to act quickly on attractive acquisition opportunities that may arise."

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 dividend policy. 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.