



MANDALAY RESOURCES

Mandalay Resources Corporation's Cerro Bayo Mine Gives Notice of Force Majeure

TORONTO, ON, June 30, 2017 – Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today that Compañía Minera Cerro Bayo, a subsidiary of the Company, has commenced giving notice of force majeure to the primary customers, suppliers and contractors of its Cerro Bayo mine. This notice suspends Cerro Bayo's obligations under contracts with these parties due to the flooding of the Delia NW mine on June 9, 2017. Mandalay is also initiating consultations with its unions about the potential impacts on employees during this period of suspended production.

Mandalay has initiated an independent technical investigation into the flooding of the Delia NW mine, as well as risk assessments for restarting operations of the Coyita, Delia SE, Marcela and Raul mines, which form the basis for Cerro Bayo's current life of mine plan. The Company is reviewing several alternatives for the future of mining at Cerro Bayo and is consulting with all stakeholders in this review process, including employees, unions, and government officials. The Company expects to be in a position to provide a more detailed update on its plans for Cerro Bayo and the impact of the suspension of operations on the Company's 2017 production guidance in conjunction with its disclosure of second quarter 2017 financial results, which is currently expected to occur after market close on August 10, 2017.

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, 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, 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.