



## **Mandalay Resources Corporation Announces Repurchase Offer and Consent Solicitation in Respect of 5.875% Secured Exchangeable Bonds**

TORONTO, ON, April 19, 2017 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today that Gold Exchange Limited ("GEL"), an unaffiliated special purpose vehicle incorporated in Jersey, has launched a repurchase offer (the "Repurchase") and consent solicitation (the "Consent Solicitation") in respect of its US\$60,000,000 principal amount 5.875% secured exchangeable bonds due in 2019 (the "Bonds").

GEL issued the Bonds in 2014 and loaned the proceeds to a subsidiary of the Company pursuant to the terms of a loan agreement and related funding agreement (the "Loan") which together mirror the principal terms of the Bonds.

Pursuant to the Repurchase, GEL is offering to purchase up to US\$30,000,000 principal amount of the Bonds from the holders thereof at a price of US\$52,500 for each US\$50,000 in principal amount of the Bonds.

Pursuant to the Consent Solicitation, GEL is seeking Bondholder approval for a number of proposed amendments to the terms of the Bonds, including:

- extending the maturity date of the Bonds by three years to May 13, 2022;
- deleting a condition of the Bonds that currently requires that beginning on May 14, 2017, as additional security for the Bonds, GEL is required to start depositing into a custody account, the aggregate number of shares of the SPDR Gold Trust issuable upon exchange of the Bonds;
- adding a new covenant to the Bonds pursuant to which GEL will be required to offer to repurchase a proportion of the Bonds outstanding at the relevant time if and to the extent that the contained gold equivalent (in ounces) at Mandalay's Costerfield mine falls below (initially) 232,000 gold equivalent ounces;
- increasing the interest rate payable on the Bonds from 5.875% per annum to 6.375% per annum; and
- reducing the exchange price of the Bonds from US\$149.99 to US\$135.00.

Further details regarding the Repurchase and the Consent Solicitation are set forth in GEL's announcement regarding the Repurchase and Consent Solicitation, a copy of which is attached to this press release as Schedule "A".

Mandalay will be required to fund any amounts required by GEL to repurchase the Bonds pursuant to the Repurchase and all associated fees and expenses (including early consent fees and consent

fees). The outstanding amount of the Loan will be reduced by an amount equal to the principal amount of the Bonds repurchased pursuant to the Repurchase. If the proposed amendments to the terms of the Bonds are approved and implemented, similar amendments will be made to the terms of the Loan.

Mark Sander, President and Chief Executive Officer of Mandalay, commented, "The proposed amendments to Bonds (and in turn to the Loan) provide a number of advantages to Mandalay including eliminating the requirement for Mandalay to deploy capital in a non-productive manner to purchase gold shares for escrow in advance of the maturity of the Bonds and extending the maturity of the Bonds by three years. Any repurchase of the Bonds, which will further de-lever our already lightly levered balance sheet, will be funded from our existing cash balances. Our strong balance sheet should allow us to raise additional debt as and when required to fund our capital investment program and for potential acquisitions."

### **For Further Information:**

Mark Sander  
President and Chief Executive Officer

Greg DiTomaso  
Director of Investor Relations

Contact:  
647.260.1566

### **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 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](http://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.*

## Schedule "A"

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA (THE "UNITED STATES")**

### **GOLD EXCHANGEABLE LIMITED ANNOUNCES A REPURCHASE OFFER AND CONSENT SOLICITATION IN RESPECT OF ITS U.S.\$60,000,000 5.875 PER CENT. SECURED EXCHANGEABLE BONDS DUE 2019, EXCHANGEABLE INTO SHARES IN THE SPDR GOLD TRUST**

Gold Exchangeable Limited (the "Issuer") today announces a repurchase offer (the "Repurchase") and consent solicitation (the "Consent Solicitation") in respect of its U.S.\$60,000,000 5.875 per cent. Secured Exchangeable Bonds due 2019 (the "Bonds") (ISIN: XS1061459381), exchangeable into shares in the SPDR Gold Trust (the "Gold Shares").

The Repurchase and Consent Solicitation are being made on the terms, and subject to the conditions, contained in the repurchase and consent solicitation memorandum dated 19 April 2017 (the "Repurchase and Consent Solicitation Memorandum"). Capitalised terms used in this announcement have the same meaning ascribed to them in the Repurchase and Consent Solicitation Memorandum.

#### **Background to the Repurchase and Consent Solicitation**

Starting on 14 May 2017, the Issuer is required to start acquiring Gold Shares and depositing them in a Custody Account for the benefit of Bondholders. Mandalay Resources Corporation ("MRC") would effectively be required to fund these purchases. This would result in MRC indirectly paying interest on the Bonds while holding increasing amounts of non-yielding Gold Shares, rather than being able to productively invest the funds in its business.

MRC has concluded that this is a sub-optimal use of the Group's assets and, in consultation with certain of the Bondholders, has decided to make the Proposal to all Bondholders to better align anticipated growth opportunities with an efficient balance sheet.

#### **The Repurchase**

Subject to the terms and conditions set out in the Repurchase and Consent Solicitation Memorandum, the Issuer is offering to repurchase for cash up to U.S.\$30,000,000 principal amount of Bonds. The Purchase Price payable for Bonds accepted in the Repurchase shall be U.S.\$52,500 for each U.S.\$50,000 in principal amount of the Bonds, payable in cash in U.S. dollars. If more than U.S.\$30,000,000 in principal amount of Bonds are offered for repurchase in the Repurchase, the Issuer shall scale back all acceptances received on a pro rata basis.

By accepting the Repurchase and submitting an Electronic Instruction, each Bondholder will irrevocably instruct the Principal Paying, Transfer and Exchange Agent to appoint a proxy on behalf of the Bondholder and, subject to the terms and conditions set out in the Repurchase and Consent Solicitation Memorandum, to attend and vote in favour of the Extraordinary Resolution at the Meeting (and any adjournment thereof).

#### **The Proposal**

The Proposal that the Issuer is inviting the Bondholders to approve will, if approved and implemented, modify the Conditions and the Trust Deed (with consequential changes to the Amended and Restated Transaction Documents) as follows and as further described in the Supplemental Trust Deed and the Amended and Restated Transaction Documents (items (i) to (vi) together, the "Proposal"):

- (i) extension of the maturity date of the Bonds by three years to 13 May 2022;
- (ii) deletion of Condition 3.2 in the Conditions, which currently requires that, with effect from 14 May 2017, the Issuer must register Gold Shares in the Custody Accounts on an ongoing basis, and the consequent release

by the Trustee (acting on the instructions of the Secured Creditors) of (A) the first ranking fixed charge over the Custody Accounts and the Issuer Bank Account) and (B) the assignment by way of security of all the Issuer's rights, title and interest in and to the Custody Agreement, the Custody Accounts and all Gold Shares and other securities (if any) and any cash distributions related to the Gold Shares (if any) standing to the credit of the Custody Accounts and the Issuer Bank Account Agreement, the Issuer Bank Account and all amounts (if any) standing to the credit of the Issuer Bank Account (the "Relevant Security"), and the removal of the Relevant Security from the Secured Property pursuant to a deed of release to be entered into between the Issuer, the Trustee, the Australian Trustee, The Bank of New York Mellon, London Branch (as Paying, Transfer and Exchange Agent, Registrar, Custodian and Account Bank), Crestbridge Corporate Services Limited (as Corporate Services Provider) and Conv-Ex Advisors Limited (as Calculation Agent);

- (iii) introduction of a new covenant by the Issuer pursuant to which the Issuer will offer to purchase a proportion of the Bonds outstanding at the relevant time if and to the extent that the contained gold equivalent (in ounces) at MRC's gold-antimony mine in Costerfield, Australia falls below (initially) 232,000 gold equivalent ounces;
- (iv) increase in the interest rate payable on the Bonds from 5.875 per cent. per annum to 6.375 per cent. per annum;
- (v) reduction in the Exchange Price of the Bonds from U.S.\$149.99 to U.S.\$135.00; and
- (vi) making of certain other technical amendments to the Trust Deed, the Conditions and the Amended and Restated Transaction Documents to give effect to (i) to (v) above.

#### **Early Consent Fee / Consent Fee**

Subject to the terms and conditions specified in the Repurchase and Consent Solicitation Memorandum, including the Payment Conditions, being satisfied, Bondholders who have voted in favour of the Extraordinary Resolution by delivering or procuring the delivery of an Electronic Instruction (which is not validly revoked) (a) prior to the Early Consent Deadline will be eligible to receive the Early Consent Fee, and (b) after the Early Consent Deadline but prior to the Expiration Deadline will be eligible to receive the Consent Fee, save that the Early Consent Fee and Consent Fee shall not be payable in respect of any Bonds that are tendered for purchase in the Repurchase.

**Bondholders will not receive the Early Consent Fee or the Consent Fee in respect of any Bonds tendered for purchase in the Repurchase.**

The Early Consent Fee is an amount in cash in U.S. dollars equal to 1.00 per cent. of the aggregate principal amount of Bonds which are the subject of a relevant Electronic Instruction, and is only payable in respect of Bonds which are the subject of an Electronic Instruction delivered prior to the Early Consent Deadline, and which are not tendered for purchase in the Repurchase.

The Consent Fee is an amount in cash in U.S. dollars equal to 0.50 per cent. of the aggregate principal amount of Bonds which are the subject of a relevant Electronic Instruction, and is only payable in respect of Bonds which are the subject of an Electronic Instruction delivered after the Early Consent Deadline but prior to the Expiration Deadline, and which are not tendered for purchase in the Repurchase.

**As at the date of this Repurchase and Consent Solicitation Memorandum, the Issuer has received indications of support for the Proposal from Bondholders holding in aggregate U.S.\$35,000,000 in principal amount of the Bonds (equal to 58.3 per cent. of the outstanding Bonds).**

**THE ISSUER WILL NOT ACCEPT REPURCHASES OF BONDS IF IT DOES NOT RECEIVE ELECTRONIC INSTRUCTIONS VOTING IN FAVOUR OF THE PROPOSAL FROM BONDHOLDERS HOLDING IN AGGREGATE AT LEAST 75 PER CENT. IN PRINCIPAL AMOUNT OF THE BONDS OUTSTANDING BY THE EXPIRATION DEADLINE.**

## Expected Timetable

*This timetable assumes that (i) the Meeting is quorate and (ii) new meetings are not convened in respect of the Bonds. This timetable is subject to change and dates and times may be extended or changed by the Issuer in accordance with the terms of the Repurchase and Consent Solicitation, as described in the Repurchase and Consent Solicitation Memorandum. Accordingly, the actual timetable may differ significantly from the timetable below.*

<b>Event Day</b>	<b>Date and Time</b>
<b><i>Commencement of Repurchase and Consent Solicitation</i></b>	
Repurchase and Consent Solicitation announced. Repurchase and Consent Solicitation Memorandum available from the Repurchase Agent and the Principal Paying, Transfer and Exchange Agent	19 April 2017.
<b><i>Deadline for Early Consent Fee</i></b>  Latest time for receipt of votes in favour of the Proposal to qualify for the Early Consent Fee.	4:00 p.m. (London time) on 28 April 2017.
<b><i>Deadline for appointing a proxy or representative</i></b>	
In relation to the Meeting of the Bonds, the latest time for appointing a proxy or representative to attend and vote at the Meeting in person.	4:00 p.m. (London time) on 10 May 2017.
<b><i>Expiration Deadline</i></b>	
Final deadline for receipt of valid Electronic Instructions by the Repurchase Agent in order for Bondholders to be able to participate in the Repurchase.  Final deadline for receipt of valid Electronic Instructions in favour of the Extraordinary Resolution by the Principal Paying, Transfer and Exchange Agent of an Electronic Instruction.	4:00 p.m. (London time) on 10 May 2017.
<b><i>Meeting</i></b>	
Time and date of the Meeting.	10:00 a.m. (London time) on 12 May 2017.

<b><i>Announcement and publication of results of the Meeting</i></b>	
Announcement of the results of the Meeting.	As soon as reasonably practicable after the Meeting has concluded.
<b><i>Settlement Date</i></b>  Date on which payment of the Purchase Price for the Bonds accepted for purchase and settlement of such purchases is expected to be made.  Date on which the Consent Fee and the Early Consent Fee (if applicable) is expected to be paid.	15 May 2017

### **Further Information**

A complete description of the terms and conditions of the Repurchase and the Proposal is set out in the Repurchase and Consent Solicitation Memorandum. A copy of the Repurchase and Consent Solicitation Memorandum is available to eligible persons upon request from the Principal Paying, Transfer and Exchange Agent.

Before making a decision with respect to the Proposals, Bondholders should carefully consider all of the information in the Repurchase and Consent Solicitation Memorandum and, in particular, the risk factors described in the section entitled "Risk Factors and Other Considerations".

None of the Issuer, MRFL, MRC, the Dealer Manager and Solicitation Agent, the Repurchase Agent, the Principal Paying, Transfer and Exchange Agent, the Trustee or the Australian Trustee, or any of their respective directors or employees, makes any recommendation as to whether Bondholders should participate in the Repurchase and approve the Proposal described in the Repurchase and Consent Solicitation Memorandum. This announcement must be read in conjunction with the Repurchase and Consent Solicitation Memorandum. This announcement and the Repurchase and Consent Solicitation Memorandum contain important information, which should be read carefully before any decision is made with respect to the Proposal. If any holder of Bond is in any doubt as to the action it should take, it is recommended to seek its own advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent adviser.

### **Offer and Distribution Restrictions**

This announcement and the Repurchase and Consent Solicitation Memorandum do not constitute an invitation to participate in the Repurchase in any jurisdiction in which, or to any person to or from whom, it is unlawful to make such invitation or for there to be such participation under applicable securities laws. The distribution of the Repurchase and Consent Solicitation Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession the Repurchase and Consent Solicitation Memorandum comes are required by each of the Issuer, MRFL, MRC, the Dealer Manager and Solicitation Agent, the Repurchase Agent and the Principal Paying, Transfer and Exchange Agent to inform themselves about, and to observe, any such restrictions.

No action has been or will be taken in any jurisdiction in relation to the Repurchase and Consent Solicitation that would permit a public offering of securities.

Requests for information in relation to the Repurchase and Consent Solicitation should be directed to:

**DEALER MANAGER AND SOLICITATION AGENT**

**KNG Securities LLP**

6 Broad Street Place

London EC2M 7JH

United Kingdom

Email: [nnugent@kngsecurities.com](mailto:nnugent@kngsecurities.com)

Telephone: +44 20 7426 2602

Attention: Nick Nugent

Requests for copies of the Repurchase and Consent Solicitation Memorandum and information in relation to the procedures for submission of an Electronic Instruction should be directed to:

**REPURCHASE AGENT AND PRINCIPAL PAYING, TRANSFER AND EXCHANGE AGENT**

**The Bank of New York Mellon, London Branch**

One Canada Square

London E14 5AL

United Kingdom

Email: [debtstructuring@bnymellon.com](mailto:debtstructuring@bnymellon.com)

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Attention: Debt Restructuring Services Team