



MANDALAY RESOURCES PROVIDES 2016 MID-YEAR EXPLORATION UPDATES FOR ITS COSTERFIELD, BJÖRKDAL, AND CERRO BAYO MINES AND ITS CHALLACOLLO PROJECT

TORONTO, ON, July 25, 2016 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) is pleased to provide exploration updates for the first half of 2016 at all four of its properties: the three producing properties Costerfield (Australia), Björkdal (Sweden), and Cerro Bayo (Chile); plus the Challacollo (Chile) development project. Figures accompanying this release can be found in an exploration presentation posted on the Company's website that can be accessed here:

http://www.mandalayresources.com/investor-presentations/#Technical_Presentations

Dr. Mark Sander, President and CEO of Mandalay, commented, "In the first half of 2016, exploration across the Company demonstrated the potential for significant near-term Mineral Reserve additions at all our operating mines and potential for significant new mineral discoveries at Björkdal and Challacollo. We intend to accelerate exploration at all of our projects in the second half of the year to confirm or convert as much of this potential as possible into Mineral Resources and Reserves by year-end.

"At Costerfield, new mineralized intercepts suggest that at least three branches of the Cuffley lode occur below the King Cobra fault; all three intercepts contain high gold and/or antimony grades typical of what we have found in intercepts of orebodies we are currently mining. We have further demonstrated that N-lode mineralization extends more than 200 metres ("m") north of its previously documented limits. A new discovery in the nearby New lode also contains a coherent mineralized zone. We are optimistic that further drilling planned for the balance of the year will enlarge and infill all of these emerging lodes so that we can convert these initial drill intercepts into additional Indicated Resources and potential mine life-extending Mineral Reserves at the year-end estimate. All of these mineralized zones are located quite close to our existing infrastructure in N-lode and Cuffley lode and we expect they will require only a minimal amount of additional capital development to access and mine.

"We are further evaluating the potential to mine the Brunswick lode in light of steadily decreasing mining and processing costs at Costerfield. Two recent deep drill holes have demonstrated the potential for significant depth extension to the Brunswick lode. Infill and extensional drilling around the current Indicated and Inferred Resources at Brunswick is being undertaken now and will continue for the balance of the year to improve our confidence in the size and grade of the lode; the geotechnical characteristics of the lode and its impact on projected mining costs; and the metallurgical characteristics of mineralization contained in the lode."

Dr. Sander continued, "At Björkdal, new drilling has pushed the limits of mineralization in the underground mine some 200 m to the north and up to 100 m to the east and northeast of the previous limits of drilling. We expect this work will translate into a significant increase in underground Mineral Resources and Reserves in the updated Technical Report for Björkdal we

expect to release in the fourth quarter of this year. As well, positive drilling results were generated in and around the southeast part of the open pit, extending towards the Nylunds deposit where good infill drilling results were announced previously (see Mandalay press release issued on January 19, 2016). These results demonstrate the potential to expand open pit Mineral Reserves significantly to the southeast. Finally, our only new target testing drill hole in the first half of 2016 intersected a well-mineralized vein approximately one kilometre to the southeast of the Nylunds deposit in the Morbacken area. This new intercept lies within a five kilometre ("km") long zone extending from the present open pit southeast past Nylunds and Morbacken all the way to the Ronnberget prospect. This zone is highlighted by anomalously high grades of gold in top-of-bedrock samples. We intend to sustain the pace of drilling for the rest of the year in order to convert as much new Mineral Reserve as possible and to test further this southeast-trending zone for significant mineralization.

Dr. Sander continued, "At Cerro Bayo, drilling under Laguna Verde continued to extend the Coyita SE vein to depth toward the southeast. We now know that the vein is mineralized virtually all the way to the Cañadón Verde fault, which is the major graben-bounding structure along the southeast margin of the Laguna Verde sector. Also, during the first half of the year, the Company began infill drilling the Branca vein, a ladder-type structure that extends from its intersection with Coyita vein northwest toward the Kasia vein. New intercepts on Branca reported here have confirmed the continuity and tenor of the high-grade intercepts reported in our previous exploration update for the fourth quarter of 2015 (see Mandalay press release of January 19, 2016). Branca lies close to Coyita SE, and the capital development currently underway to develop Coyita SE will also serve to access Branca at low incremental cost. Scout drilling under Laguna Verde Norte and in the Brillantes sector have generated several gold and silver bearing intercepts which we will be following up in the second half of the year."

Dr. Sander concluded, "Finally, at Challacollo we have completed a geophysical survey using the "self-potential" technique which measures voltages generated by oxidizing sulfides at depth. Anomalies detected in this survey suggest that the major Lolon vein, along which all Mineral Resources currently defined in the district occur, extends significant distances under colluvium and sand dunes to the north and south of the main outcrop area. The survey also detected significant anomalies further north and south of the Lolon vein that are interpreted to represent large volumes of sulfide-bearing material. We plan to drill-test all of these anomalies for the presence of silver, gold, and base metals by the end of the year."

Costerfield

Drilling, Sampling, and Assaying

During the first half of 2016, Mandalay drilled 15,848 m of diamond core at its Costerfield gold ("Au")-antimony ("Sb") mine (click [here](#) for Figure 1). Sixty-four holes were drilled on Cuffley South, the Sub King Cobra zones, N-lode North, New lode, Brunswick and Margaret. In addition, the Company completed 2,217 m of on-vein operating development and associated sampling of N lode and Cuffley lode.

Table 1: Costerfield H1 2016 drilling summary.

CATEGORY	Metres	#Holes	TARGET ZONE	Metres	#Holes
Infill	2,159	21	Sub King Cobra	8,677	28
Extension	1,637	7	Cuffley South	611	2
New Target Testing	12,052	20	Margaret	1,605	5
	15,848	48	New Vein Node	3,185	26
			Brunswick	1,770	3
				15,848	64

Drill core was logged and sampled by Costerfield geologists, who also mapped and sampled the development advances. All samples were sent to Onsite Laboratory in Bendigo, Victoria, Australia for sample preparation and assay. Site geological and metallurgical personnel have implemented a QA/QC process that includes the regular submission of standard reference materials and blanks with drill and face samples submitted for assay. Standard reference materials have been certified by Geostats Pty Ltd. Please see the March 30, 2016, Technical Report entitled "Costerfield Operation, Victoria, Australia NI 43-101 Report", available on SEDAR (www.sedar.com) and the Mandalay website (www.mandalayresources.com), which contains a complete description of drilling, sampling, and assaying procedures.

Drill Results

Assay results are summarized in Tables 2 through 5 below; they are displayed in geologic context in Figures 2 through 5.

Sub King Cobra (Table 2, Figure 2)

- Drilling of the footwall block of the King Cobra fault (the "Sub King Cobra domain") during the first half of 2016 has continued to delineate three zones with significant stibnite/gold mineralization, located to the west of and below the Cuffley Main/Deeps mineralization that occurs above the fault (click [here](#) for Figure 2).
- To accurately bound and begin infilling the mineralized lodes on the Central East, Central Main and Western structural zones, 12 holes (plus 16 wedge holes) totalling 8,677 m were drilled from January to June 2016.
- Assaying and interpretation of the "Central Eastern" mineralized zone has resulted in significant intercepts in CSK016A (0.11 m @ 52.1 grams per tonne ("g/t") Au and 0% Sb) and CSK024 (0.19 m @ 321 g/t Au and 0.2% Sb).
- Hole CSK012 intercepted the "Western" mineralized zone in a 0.19 m interval containing 344.7 g/t Au and 0% Sb (37.2 gold equivalent ("AuEq.") g/t over 1.8m).
- Further drilling of the "Central Main" mineralized zone has resulted in significant intercepts, among them iCSK016W1 (0.11 m @ 39.8 g/t Au and 18.5% Sb).

- The new intercepts, together with previously drilled intercepts, are beginning to define clusters in the planes of the zones that measure up to a few hundred m across that are ready for more infill and expansion drilling.

Table 2: Significant new drill intercepts on Sub King Cobra zones.

Hole ID	Hole completion Date	Intercept Easting (Mine Grid, m)	Intercept Northing (Mine Grid, m)	Elevation (m)	True Width** (m)	Gold Grade (g/t)	Antimony Grade (%)	AuEq (g/t) over 1.8m ***	Total Hole Depth (m)	Target
CSK011	22/01/2016	15171	4616	545	0.26	9.0	0.0	1.3	750.0	Unnamed
CSK011	22/01/2016	15162	4621	532	0.87	2.9	0.0	1.4	750.0	Unnamed
CSK011	22/01/2016	15086	4665	432	0.08	0.2	0.0	0.0	750.0	Central Main
CSK012	7/02/2016	15052	4809	287	0.19	344.7	0.0	37.2	810.1	Western
CSK014	3/04/2016	15231	4807	721	0.11	1.2	25.0	3.0	205.0	Unnamed
CSK014	3/04/2016	15229	4806	718	1.15	0.3	5.0	6.7	205.0	Unnamed
CSK014	3/04/2016	15227	4805	714	2.19	0.2	1.0	2.1	205.0	Unnamed
CSK014W2	24/04/2016	15157	4774	600	0.08	0.3	8.2	0.8	599.2	Unnamed
CSK014W2	24/04/2016	15111	4754	529	0.61	0.5	0.5	0.5	599.2	Central East
CSK014W2	24/04/2016	15025	4718	395	0.14	0.15	0.0	0.0	599.2	Western
CSK015	14/04/2016	15084	4716	337	0.43	0.0	0.0	0.0	740.5	Western
CSK016A	21/03/2016	15133	4874	545	0.07	0.8	15.1	1.2	585.7	Central East
CSK016A	21/03/2016	15128	4875	538	0.11	52.1	0.0	3.1	585.7	Central East
CSK016A	21/03/2016	15126	4876	534	0.40	1.0	11.7	5.5	585.7	Central East
CSK016A	21/03/2016	15098	4883	492	1.95	6.9	1.1	9.2	585.7	Central Main
CSK016A	21/03/2016	15095	4884	489	0.04	8.0	12.7	0.8	585.7	Central Main
CSK016A	21/03/2016	15090	4885	482	1.27	0.8	2.3	3.9	585.7	Central Main
CSK016A	21/03/2016	15015	4903	381	0.61	0.3	0.0	0.1	585.7	Western
CSK016W1	21/03/2016	15111	4878	526	1.01	3.1	0.6	2.5	393.0	Central East
CSK016W1	21/03/2016	15110	4878	526	0.65	5.7	1.1	2.8	393.0	Central East
CSK016W1	21/03/2016	15105	4879	519	1.61	0.2	0.6	1.4	393.0	Central Main
CSK016W1	21/03/2016	15099	4881	513	0.10	14.3	0.0	0.8	393.0	Central Main
CSK016W1	21/03/2016	15095	4882	508	0.11	39.8	18.5	4.5	393.0	Central Main
CSK017	6/05/2016	15265	4844	752	12.15*	2.4	7.5	0.0	115.9	Unnamed
CSK017B	4/06/2016	15263	4845	750	16.0*	3.8	2.7	0.0	720.3	Unnamed
CSK019A	11/05/2016	15153	5025	549	0.20	6.6	6.4	2.2	502.7	Central Main
CSK019A	11/05/2016	15150	5025	545	0.50	3.2	2.4	2.2	502.7	Central Main

CSK019A	11/05/2016	15143	5024	534	0.21	2.4	7.3	2.0	502.7	Central East
CSK019A	11/05/2016	15130	5024	515	0.83	0.1	2.0	1.9	502.7	Central Main
CSK019A	11/05/2016	15106	5023	481	0.21	0.2	0.7	0.2	502.7	Central Main
CSK019AW1	11/05/2016	15148	5025	541	0.66	0.9	2.2	2.0	406.3	Central East
CSK024	6/07/2016	15120	4899	549	0.19	321.0	0.2	33.4	600.0	Central East

** True width is preliminary estimate only and may not reflect final true width used in resource estimate.

*** $AuEq(g/t) = Au(g) + Sb(\%) \times \frac{\text{Price per 10 Sb(kg)} \times \text{Sb Recovery}(\%)}{\text{Price per 1 Au(g)} \times \text{Au Recovery}(\%)}$

N-lode north (Table 3, Figure 3)

- Revised geological interpretation based on new mine exposures indicated that an area of N lode was likely understated by past drilling. Fifteen close-spaced holes totalling 2,420 m were drilled in order to delineate the higher-grade portion of this area.
- These holes were successful at both expanding the high-grade zone and demonstrating continuity within the zone (click [here](#) for Figure 3).
- More drilling is warranted to infill the zone to spacing that will yield indicated resource in the next estimation update.

Table 3: Significant new drill intercepts on N-lode north.

Hole ID	Hole completion Date	Intercept Easting (Mine Grid, m)	Intercept Northing (Mine Grid, m)	Elevation (m)	True Width* (m)	Gold Grade (g/t)	Antimony Grade (%)	AuEq (g/t) over 1.8m **	Total Hole Depth (m)
MH377	11/04/2016	15363	4965	1073	0.15	1.9	7.4	1.4	207.4
MH381A	4/05/2016	15348	4902	994	1.67	25.5	31.9	83.5	130.8
MH382	30/04/2016	15349	4870	1004	0.33	102.5	38.2	33.1	126.3
MH383	6/05/2016	15352	4944	1001	0.10	19.0	4.8	1.5	140.4
MH384	24/05/2016	15348	4849	1016	0.55	52.3	6.3	19.9	137.8
MH385	23/05/2016	15356	4833	1035	0.27	122.7	38.9	30.0	150.3
MH386	28/05/2016	15352	4810	1049	0.22	39.9	12.8	8.1	166.0
MH388	14/05/2016	15350	4930	1056	0.13	19.2	4.4	2.0	146.4
MH389	16/05/2016	15360	4877	1052	0.54	1.8	2.0	1.7	132.0
MH390	18/05/2016	15359	4846	1050	0.34	2.5	3.0	1.6	147.1
MH391A	2/06/2016	15349	4783	1055	0.99	2.5	1.9	3.5	202.4
MH392	9/05/2016	15362	4978	1055	0.20	161.7	3.3	19.0	188.5
MH397A	17/06/2016	15376	5038	1070	0.05	1.0	11.6	0.7	214.7
MH398A	5/06/2016	15347	4777	1037	0.11	96.1	20.1	8.5	186.0
MH399	8/06/2016	15352	4907	1054	0.23	1.6	0.7	0.4	143.8

* True width is preliminary estimate only and may not reflect final true width used in resource estimate

** $AuEq(g/t) = Au(g) + Sb(\%) \times \frac{\text{Price per 10 Sb(kg)} \times \text{Sb Recovery}(\%)}{\text{Price per 1 Au(g)} \times \text{Au Recovery}(\%)}$

New lode (Table 4, [Figure 4](#))

- During the first 6 months of 2016, 12 holes totalling 2,227 m were drilled to define “New lode”. Located 30 m east of N-lode, under the historically mined Tait’s workings, New lode has been identified as the westernmost part of the Tait’s lodes.
- New intercepts on New lode contained in these holes continue to expand and infill the mineralized zone. The best new intercept is in MH388 (1.11 m @ 113.7 g/t Au and 2.6% Sb, diluted to 73.6 g/t AuEq over the 1.8 m minimum mining width). Click [here](#) for Figure 4.
- New lode occurs within 30 m of planned development and as a result, minimal capital expenditure would be required to access this area should the potential resource be converted to reserves.

Table 4: Significant new drill intercepts on New lode.

Hole ID	Hole completion Date	Intercept Easting (Mine Grid, m)	Intercept Northing (Mine Grid, m)	Elevation (m)	True Width* (m)	Gold Grade (g/t)	Antimony Grade (%)	AuEq (g/t) over 1.8m **	Total Hole Depth (m)
MH376	4/04/2016	15366	4972	1014	0.1	15.1	6	1.5	159.4
MH377	11/04/2016	15387	4982	1084	0.1	11	16.4	2.5	207.4
MH377	11/04/2016	15386	4982	1084	1.23	2.8	4.8	8.5	207.4
MH381A	4/05/2016	15357	4902	991	0.33	6.3	3.4	2.4	130.8
MH383	6/05/2016	15356	4947	999	0.57	8.1	5	5.7	140.4
MH384	24/05/2016	15368	4836	1013	0.39	2.1	1.8	1.3	137.8
MH385W1	26/05/2016	15368	4824	1036	0.2	0.5	0.9	0.3	127.9
MH387	11/05/2016	15376	4968	1046	0.12	28.3	0.7	2	160.8
MH388	14/05/2016	15388	4944	1070	1.11	113.7	2.6	73.6	146.4
MH388	14/05/2016	15371	4938	1064	0.09	3	4.3	0.6	146.4
MH392	9/05/2016	15375	4988	1060	0.11	10.7	6.7	1.5	188.5
MH398A	5/06/2016	15358	4759	1039	0.12	28.2	20.5	4.6	186
MH399	8/06/2016	15386	4909	1066	0.69	13.1	3.5	7.8	143.8
MH399	8/06/2016	15367	4908	1059	0.12	17.9	11.5	2.8	143.8

* True width is preliminary estimate only and may not reflect final true width used in resource

** $AuEq(g/t) = Au(g) + Sb(\%) \times \frac{Price\ per\ 10\ Sb(kg) \times Sb\ Recovery(\%)}{Price\ per\ 1\ Au(g) \times Au\ Recovery(\%)}$

Brunswick lode (Table 5, [Figure 5](#))

- Two holes (for a total of 1,770 m) were drilled to determine whether the Brunswick lode, on which there exist already indicated and inferred mineral resources, extends at depth below the historic limits of drilling.

- Depth extent has been demonstrated by both holes: BD242 (0.62 m @ 3.3 g/t Au and 2.2% Sb) and BD243W1 (2.25 m @ 2.7 g/t Au and 3.1% Sb and 0.23 m @ 24.2 g/t Au and 10.4% Sb) (Click [here](#) for Figure 5).
- Follow-up drilling is warranted to confirm and expand the depth extension as well as to infill both the depth extension and already-defined shallow inferred resources on the lode.

Table 5: Significant new drill intercepts on Brunswick lode.

Hole ID	Hole completion Date	Intercept Easting (Mine Grid, m)	Intercept Northing (Mine Grid, m)	Elevation (m)	True Width* (m)	Gold Grade (g/t)	Antimony Grade (%)	AuEq (g/t) over 1.8m **	Total Hole Depth (m)	Target
BD243W1	2/06/2016	14728	5891	846	0.23	24.2	10.4	5.8	748.8	Brunswick Deeps
BD243W1	2/06/2016	14728	5891	846	2.25	2.7	3.1	9.0	748.8	Brunswick Deeps
BD242	11/04/2016	14787	5820	978	0.62	3.3	2.2	2.7	457.6	Brunswick Main

* True width is preliminary estimate only and may not reflect final true width used in resource

$$** \text{AuEq(g/t)} = \text{Au(g)} + \text{Sb(\%)} \times \frac{\text{Price per 10 Sb(kg)} \times \text{Sb Recovery(\%)}}{\text{Price per 1 Au(g)} \times \text{Au Recovery (\%)}}$$

Margaret

- To follow up on the success of the 2015 drilling program at Margaret, 5 holes were drilled from January to March 2016, totaling 1,605 m. A total of 8 diamond holes have been drilled on Margaret from November 2015 to March 2016.
- These holes failed to generate significant intercepts and the target has been abandoned.

Cuffley South

- The Cuffley South extension project commenced in January, 2016, to target mineralization within the fault block defined by the Adder and King Cobra faults in the area immediately south of the Augusta mine. Two holes were drilled in this program totaling 611 m.
- These holes generated no significant intercepts and the target has been abandoned.

Björkdal

Drilling, Sampling and Assaying

During the period from January 1, 2016 to June 30, 2016, 11 diamond-core exploration drill holes totaling 2,041 m in length were drilled from surface and 29 diamond-core exploration drill holes totaling 5,364 m in length were drilled from the underground mine. All diamond drill hole collars are surveyed. Downhole surveys are also carried out to record hole azimuth and dip.

Table 6: Björkdal H1 2016 drilling summary.

CATEGORY	Metres	#Holes	TARGETZONE	Metres	#Holes
Infill	5,364	29	OpenPit-EastPit-EastWall	2,041	11
Extension	2,041	11	UndergroundSouthZone	90	5
	7,405	40	UndergroundLakeZone	1,573	24
				7,405	40

All surface, and the majority of the underground exploration diamond drilling, has been conducted by third party contractors, producing WL66, NQ2 and WL76 sized core (50.7 mm, 50.6 mm, and 57.5 mm diameter core, respectively).

Diamond core samples are logged by Mandalay geologists on-site. Assaying of Björkdal samples was completed at CRS Minlab Oy (CRS) in Kempele, Finland. Whole core samples were sent directly to the independent laboratory for sample preparation and assaying. Assaying was conducted utilizing the LeachWELL process. Mandalay's QA/QC program included the use of standard reference samples, blanks, duplicates, repeats, and internal laboratory quality assurance procedures. More details on the drilling, logging, sampling, and assaying procedures are contained in the Technical Report "Mandalay Resources Corporation Technical Report on the Björkdal Gold Mine, Sweden" filed March 31, 2015, available on www.sedar.com and www.mandalayresources.com.

Drilling Results

Results of drilling during the first half are reported in Tables 7 through 9 and Figures 6 through 8.

Underground Exploration Results

- The purpose of underground drilling at Björkdal in the first half of 2016 was to increase confidence levels of results previously reported from extensional drilling (see press release of January 19, 2016).
- Underground diamond drilling during the first half of 2016 intercepted many new gold-bearing intervals in already identified gold-bearing veins in to the north, northeast, and south of the developed underground mine area. (click [here](#) for Figures 6 and 7).
- Based on these results, the Company has applied for expansion of the Björkdal Mining Concession, in process now.

Table 7: Significant new underground core drill intercepts at Björkdal.

Hole ID	Hole Completion Date	Total Hole Depth (m)	Intercept Easting (MG)	Intercept Northing (MG)	Intercept RL (MG)	Drilled Width (m)	Intercept Angle (°)	True Width (m)*	Au Grade (g/t)
MU6-001	8/04/2016	236.65	1659.359	1570.074	-425.213	5.35	N/A		1.30
MU6-001			1680.795	1641.463	-462.839	3.15	N/A		1.15
MU6-009	21/4/2016		1549.603	1563.496	-414.174	1.45	24	0.53	6.68
MU6-009			1542.403	1581.483	-432.835	0.45	26	0.14	21.90
MU6-011	19/03/2016	142.85	1311.774	1591.119	-381.324	1.00	62	0.85	14.94

MU6-011			1307.098	1597.764	-380.691	1.50	52	1.14	20.11
MU6-011			1304.19	1601.903	-380.282	3.25	63	2.87	1.70
MU6-011			1283.137	1632.257	-377.135	1.00	64	0.87	10.59
MU6-011			1273.259	1646.772	-375.591	2.25	50	1.68	3.02
MU6-014	28/04/2016	134.75	2065.782	823.811	-295.261	0.90	60	0.75	3.25
MU6-016B	8/05/2016	185.3	2074.526	609.312	-287.308	0.60	69	0.54	22.60
MU6-023	17/05/2016	149.04	1149.684	1560.381	-371.493	0.30	35	0.12	43.20
MU6-024	20/05/2016	164.57	1171.398	1543.505	-374.627	1.00	37	0.55	9.36
MU6-024			1163.24	1553.168	-375.8	2.30	48	1.67	3.13
MU6-025	23/05/2016	161.3	1159.62	1569.315	-382.949	0.35	56	0.25	16.20
MU6-025			1138.804	1613.347	-395.903	0.55	30	0.22	29.30

* True width is preliminary estimate only and may not reflect final true width used in resource estimate.

Open Pit Exploration Results

- Surface drilling in 2016 has focused on testing shallow extensions to the known limits of Au mineralization adjacent to the currently worked Björkdal open pit, particularly the area to the immediately south and south-east of the East Pit (click [here](#) for Figure 8).
- Significantly mineralized intercepts reported here are located between the current southeastern limit of the Björkdal pit and the Nylunds deposit located some 200 – 300 m from the current limit of the pit.
- These successful drilling results demonstrate the existence of near-surface mineralization between the existing Björkdal open pit and Nylunds Mineral Resources and therefore the potential to significantly expand open pit Mineral Reserves at The Company's next update.

Table 8: Significant new near-surface core drill intercepts from the south-eastern extension of the Björkdal open pit.

Hole ID	Hole Completion Date	Hole Depth (m)	Intercept Easting (MG)	Intercept Northing (MG)	Intercept RL (MG)	Drilled Width (m)	Intercept Angle (°)	True Width (m)*	Au Grade (g/t)
DDP2015-009	25/11/2015	175.34	1946.595	354.75	-103.55	2.3	47	1.6	0.94
DDP2015-009			1942.746	360.517	-109.131	0.5	78	0.47	2.06
DDP2015-009			1900.983	426.358	-171.938	0.25	60	0.18	15.40
DDP2015-010	18/11/2015	165	1937.24	357.531	-101.466	0.3	40	0.14	141.00
DDP2015-010			1950.174	315.269	-133.267	0.4	54	0.29	13.57
MP6-001	5/02/2016	180.6	2315.315	168.228	-122.87	1.5	41	0.9	5.62
MP6-002	19/02/2016	175.9	2229.266	68.818	-123.496	1.5	27	0.6	1.09
MP6-002			2206.195	107.513	-164.56	5.05	57	4.2	0.84
MP6-002			2200.237	119.208	-176.021	0.5	11	0.03	2.24
MP6-008	2/03/2016	140.3	2232.991	378.119	-115.491	2.5	33	1.3	2.47
MP6-008			2226.977	407.628	-152.35	1	20	0.3	4.65
MP6-008			2225.663	415.302	-161.677	2.9	47	2	1.07
MP6-011	17/03/2016	327.8	2175.732	577.038	-251.568	2.15	36	1.2	5.23
MP6-011			2166.672	582.851	-264.139	1.75	30	0.8	0.78

* True width is preliminary estimate only and may not reflect final true width used in resource estimate.

Morbacken Prospect Exploration Results

- The Morbacken area lies some 1.8 km southeast of the current extent of the Björkdal open pit mine, and some 1 km southeast of the Nylunds deposit. The Ronnberget deposit lies a further 2-3 km to the east-southeast of Morbacken (click [here](#) for Figure 6).
- A single target-testing hole was sited and drilled to test a bedrock geochemistry target defined in an area in which the Company was required to work to extend the life of its mineral exploration tenure.
- A 1.05 m interval (drilled width) assaying 3.91 g/t Au was intersected from 71.65 m in a strongly calc-silicate altered host rock. This drill hole was sited within an elongated magnetic low feature in the airborne and ground magnetic data that coincides with a zone of anomalous top-of-bedrock gold assays (click [here](#) for Figure 6).
- This new intercept encourages the Company to follow up with more drilling along the zone to test for possible significant Mineral Resource expansion.

Table 9: Significant new core drill intercepts from the Morbacken prospect.

Hole ID	Hole Completion Date	Total Hole Depth (m)	Intercept Easting (SWREF99)	Intercept Northing (SWREF99)	Intercept RL (SWREF99)	Drilled Width (m)	Intercept Angle (°)	True Width (m)*	Au Grade (g/t)
DDE2015-008	13/08/2015	183.24	766640.494	7211813.728	89.832	1.05	N/A		3.91

* True width is preliminary estimate only and may not reflect final true width used in resource

Cerro Bayo

Drilling, Sampling and Assaying

A total of 16,687 m of NX and HQ diamond drill core were produced from 44 holes in the Cerro Bayo district during the first half of the year. Infill and exploration drilling has continued in and around the Laguna Verde area, with exploration drilling in the Brillantes sector and near the toponymic Cerro Bayo peak (click [here](#) for Figure 9). Forty holes were completed and four were in progress at the end of June, 2016.

All drill holes were directionally surveyed by standard techniques with a downhole instrument. Drill core was logged and sampled by staff geologists and all core samples (including blanks, standards and duplicates) were submitted to the on-site assay laboratory of Compañía Minera Cerro Bayo. The Cerro Bayo assay laboratory was audited in 2011 by SGS Lakefield Research Ltd. and routinely sends check samples to the ALS laboratory (ISO 9001:2008 and ISO/IEC 176025:2005 certified) in La Serena, Chile, following QA/QC practices established by the parent Company Mandalay Resources. Please see the Company's previously filed document, 'Technical report on the Cerro Bayo project, Region XI (Aysén) Chile', filed on SEDAR March 30, 2016, for a full description of the drilling, logging, assaying and estimation processes, including data verification procedures.

Table 10: Cerro Bayo H1 2016 drilling summary.

CATEGORY	Metres	# Holes	TARGET ZONE	Metres	# Holes
Infill	3,687	12	Laguna Verde	10,704	26
Extension	2,907	6	Cerro Bayo	1,661	5
New Target Testing	10,093	26	Brillantes	4,322	13
	16,687	44		16,687	44

Drill Results

The following tables and figures display mineralized intercepts obtained through the end of June, 2016, correlated by vein according to the latest structural interpretation.

Laguna Verde area

Coyita Vein (Table 11, Figures [10](#) and [11](#))

- 8 new holes drilled during the first 6 months of 2016 have largely completed the Coyita SE infill program.
- Coyita is a strongly mineralized fissure extending essentially all the way across Laguna Verde to the district-scale structure of the Falla Cañadón Verde (click [here](#) for Figure 11). The mineralization in the vein largely has been closed off in both its SE and NW extents, with a gap remaining to be filled in under the middle of the lake and another as the vein impinges on the Falla Cañadón Verde at the southeast end. Localized, significant grade has been recognized in subordinate branch veins lying to the west of the Coyita vein. The most important of these branch veins has been dubbed the 'Branca' and it currently is the target of infill drilling.

Table 11: Summary of new mineralized intercepts in the Coyita vein

Hole ID	Hole Completion date	Intercept Easting (UTM 19S)	Intercept Northing (UTM 19S)	Elevation (m)	True Width (m)*	Gold Grade (g/t)	Silver Grade (g/t)	Total hole depth (m)
DLV16-002	19-01-2016	272376.13	4840587.6	-91.53	1.93	10.44	146	436.30
DLV16-004	08-02-2016	272418.88	4840570.84	-127.89	0.71	14.38	101	485.00
DLV16-007	18-02-2016	272388.67	4840591.87	-118.63	0.42	5.11	745	512.00
DLV16-013	20-03-2016	272208.00	4840754.95	98.55	2.05	3.85	435	541.80
DLV16-015	30-03-2016	272228.30	4840712	86.47	0.94	0.63	92	437.00
DLV16-017	19-04-2016	271528.00	4841630.35	300.40	0.46	1.10	205	80.60
DLV16-018	18-05-2016	272194.83	4840750.01	121.11	3.81	2.33	794	455.95
DLV16-020	01-06-2016	272170.69	4840787.61	137.67	2.82	0.17	4	533.60
DLV16-021	08-06-2016	272208.19	4840708.63	111.7	0.96	0.05	7	350.00
DLV16-022	14-06-2016	272201.88	4840744.47	113.21	2.86	6.41	308	402.00

* True width is preliminary estimate only and may not reflect final true width used in resource

Branca Vein (Table 12, Figures [12](#) and [13](#))

- Ten new infill drill holes on the Branca vein (Yasna Inflection) confirm the continuity of the mineralized structure for at least 300 m length by 100 m height. (click [here](#) for Figure 13).
- The infill drilling is still in progress and the Company expects to be able to add Branca vein to its Indicated and Inferred Resources and Mineral Reserves at its end-of-year update.

Table 12: Summary of new mineralized intercepts in the Branca vein

Hole ID	Hole Completion date	Intercept Easting (UTM 19S)	Intercept Northing (UTM 19S)	Elevation (m)	True Width (m)*	Gold Grade (g/t)	Silver Grade (g/t)	Total hole depth (m)
DLV16-013	20-03-2016	272078.62	4840696.11	-32.12	0.49	2.23	79	541.80
DLV16-015	30-03-2016	272170.95	4840663.84	15.02	2.70	1.56	489	437.00
DLV16-018	18-05-2016	272103.08	4840709.17	51.23	1.55	0.78	144	455.95
DLV16-020	01-06-2016	271995.52	4840762.83	40.18	1.18	1.23	59	533.60
DLV16-021	08-06-2016	272168.98	4840679.45	75.71	2.76	0.58	212	353.60
DLV16-022	14-06-2016	272108.84	4840701.77	38.58	2.20	1.66	426	402.00
DLV16-023	13-06-2016				Assays Pending			
DLV16-024	29-06-2016				Assays Pending			
DLV16-025	Drilling							
DLV16-026	Drilling							

* True width is preliminary estimate only and may not reflect final true width used in resource

Other veins in the Laguna Verde sector (Table 13, [Figure 12](#))

- Other mineralized structures in and around the Laguna Verde sector that were drilled during the first 6 months of the year include the Ema veins, the Camila/L1 branch veins in the hanging wall of the Coyita system, the Dalila vein, the Victoria vein, the Valentina vein, and the Ramona, Ximena, and Gaby veins (click [here](#) for Figure 10). Results of these drill tests are summarized in the table below.
- Some of these new intercepts contain significant gold and/or silver assays, and/or significant base metal sulfide minerals. They warrant follow-up in future drill programs.

Table 13: Summary of mineralized intercepts on other veins in the Laguna Verde sector.

Ema

Hole ID	Hole Completion date	Intercept Easting (UTM 19S)	Intercept Northing (UTM 19S)	Elevation (m)	True Width (m)*	Gold Grade (g/t)	Silver Grade (g/t)	Total hole depth (m)
DLV16-006	19-02-2016	NO VEIN INTERCEPT						392.45
DLV16-010	26-02-2016	273237.66	4840418.22	235.52	0.19	6.61	1,053	305.50

Camila/L1

Hole ID	Hole Completion date	Intercept Easting (UTM 19S)	Intercept Northing (UTM 19S)	Elevation (m)	True Width (m)*	Gold Grade (g/t)	Silver Grade (g/t)	Total hole depth (m)
DLV16-003	03-02-2016	NO VEIN INTERCEPT						379.45
DLV16-009	06-03-2016	272293.51	4840957.07	20.911	0.38	0.05	19	559.30
DLV16-019	11-06-2016	272232.78	4840914.73	-72.577	1.87	2.69	87	407.55

Dalila

Hole ID	Hole Completion date	Intercept Easting (UTM 19S)	Intercept Northing (UTM 19S)	Elevation (m)	True Width (m)*	Gold Grade (g/t)	Silver Grade (g/t)	Total hole depth (m)
DLV16-011	03-03-2016	271373.83	4840944.31	140.31	0.38	3.92	76	152.60
DLV16-012	09-03-2016	271359.23	4840958.26	75.46	0.39	3.67	237	212.80

Victoria/Valentina

Hole ID	Hole Completion date	Intercept Easting (UTM 19S)	Intercept Northing (UTM 19S)	Elevation (m)	True Width (m)*	Gold Grade (g/t)	Silver Grade (g/t)	Total hole depth (m)
DLV16-001	02-02-2016	No vein intercept						564.35
DLV16-005	17-02-2016	No vein intercept						549.05

* True width is preliminary estimate only and may not reflect final true width used in resource estimates.

Laguna Verde NE

Hole ID	Hole Completion date	Intercept Easting (UTM 19S)	Intercept Northing (UTM 19S)	Elevation (m)	True Width (m)*	Gold Grade (g/t)	Silver Grade (g/t)	Total hole depth (m)	Vein
DLV16-008	05-03-2016	No vein intercept						681.15	Gaby-M
DLV16-014	24-03-2016	272491.29	4842599.01	-12.61	0.39	3.69	601	627.25	Ramona
DLV16-016	02-05-2016	272371.23	4842740.04	214.07	0.39	0.33	50	581.90	Ramona
		272537.85	4842814.83	131.74	2.74	1.68	159		Ximena
		272737.85	4842896.78	53.09	0.71	2.00	123		Gaby

* True width is preliminary estimate only and may not reflect final true width used in resource estimates.

Brillantes Sector

Natasha vein (Table 14, Figure 14)

- The Natasha vein in the Brillantes sector extends for more than 500 m (click [here](#) for Figure 14). It is up to 6 m in true width, locally with evidence of multiple pulses of hydrothermal mineralization.

- Although the best intercept (DBR16-004) was only moderately anomalous in Au and Ag when diluted across the full width of the vein, most of the mineralized material occurred in a metre-wide part of the structure that ran 0.6 g/t Au and 259 g/t Ag. Petrographic study of this intercept revealed that argentite was present in the sulfide assemblage.
- The intercepts all contained base metal sulfides, and the samples are being sent to external labs for base metal assays. When the assays are returned, the results will be plotted on the sections in an attempt to reveal geochemical vectors toward a possible mineralized shoot.

Table 14: Summary of mineralized intercepts of the Natasha vein.

Hole ID	Hole Completion date	Intercept Easting (UTM 19S)	Intercept Northing (UTM 19S)	Elevation (m)	True Width (m)*	Gold Grade (g/t)	Silver Grade (g/t)	Total hole depth (m)
DBR16-004	11-05-2016	277700.73	4844403.32	328.58	6.26	0.13	36	356.50
DBR16-006	22-05-2016	277689.29	4844192.36	346.73	0.88	0.05	1	368.30
DBR16-007	29-05-2016	277688.34	4844309.31	264.36	0.83	0.05	1	263.70
DBR16-013	Drilling							

* True width is preliminary estimate only and may not reflect final true width used in resource

Other veins in the Brillantes Sector (Table 15, [Figure 14](#))

- Drill intercepts of other veins in the Brillantes sector contained minimal amounts of Au and Ag.
- However, most of these intercepts contained base metal sulfides and the samples have been sent for multi-element assay.
- When the assays are returned, the results will be evaluated to determine whether geochemical vectors towards potentially stronger precious metals mineralization occur.

Table 15: Summary of mineralized intercepts of other veins in the Brillantes sector.

Hole ID	Hole Completion date	Intercept Easting (UTM 19S)	Intercept Northing (UTM 19S)	Elevation (m)	True Width (m)*	Gold Grade (g/t)	Silver Grade (g/t)	Total hole depth (m)	Vein
DBR16-001	12-04-2016	279014.89	4845752.31	424.24	2.35	0.05	1	275.00	Virginia
		279056.45	4845677.00	348.11	4.15	0.05	1		Bruni
DBR16-002	30-04-2016	278696.90	4845565.62	302.29	0.41	0.05	1	596.00	Roberta
		278604.07	4845508.89	228.37	6.48	0.05	1		Fransisca
DBR16-003	11-05-2016	No vein intercept						353.00	Laura
DBR16-005	21-05-2016	278936.84	4845291.62	367.698	2.98	0.05	1	247.80	Constanza
DBR16-008	04-06-2016	No vein intercept						512.00	Brillante
DBR16-009	13-06-2016	278915.93	4844610.10	365.72	2.44	0.06	25	262.50	Lazo Paloma

		278793.25	4844608.21	300.35	0.99	0.09	26		Daisy
DBR16-010	15-06-2016	No vein intercept						371.50	Virginia
DBR16-011	25-06-2016	280540.43	4847832.86	326.13	0.39	0.05	1	257.60	Caro
DBR16-012	Drilling					0.05	1	343.9	Vale

* True width is preliminary estimate only and may not reflect final true width used in resource

Challacollo

A geophysical survey of Mandalay's property in the Challacollo district (click [here](#) for Figure 15) was completed during January and February of 2016 in order to assess the potential for sulfide mineralization under covered terrane outside of exposures around the historically exploited Lolon vein orebody. Dr. Jack Skokan, consulting geophysicist from Golden, Colorado, USA, was contracted to conduct the self-potential electrical survey ("Redox Mapping™") of the Challacollo district.

This method uses an electrode array to detect natural (telluric) currents generated by the oxidation of sulfide minerals in the zone of weathering. Under ideal conditions, voltage anomalies can be detected as deep as 1 km. The survey covered approximately 80 km of east-west lines at north-south intervals of 500 m to 1,000 m (click [here](#) for Figure 16). A few intermediate lines at 250 m spacing were placed in the southern part of the survey area. Individual measurement points were spaced at nominal 50 m intervals along each survey line.

The survey results are represented as voltage variation along individual lines (click [here](#) for Figure 17). The electrical responses over a number of outcropping veins are weak or ambiguous, indicating deep and/or complete oxidation of original sulfide minerals in the veins or pinching out at shallow depth. However, elsewhere in the survey, outcropping veins did yield distinct signals (negative excursions / troughs in the voltage profiles), in particular along the southern extension of the Lolon system. Voltage anomalies were detected that correlate well to the Lolon Sur / San Francisco and Gladys IV veins, suggesting that these veins continue under cover hundreds of m south of the areas where they have previously been drilled.

[Figure 18](#) represents a compilation of all the field data into voltage anomaly isopleths, in which voltage responses are correlated from line to line. Broad and strong electrical anomalies were detected both north and south of the main mountain range in areas largely covered by colluvium, pediment gravels, and dune sands (anomalies "A", "B", "D", and "E"). Dr. Skokan interprets these anomalies as sulfide bodies of a more broadly distributed or disseminated geometry, rather than narrow, steeply-dipping veins similar to the Lolon vein.

The results of the geophysical survey give Mandalay confidence that mineralized rock occurs under relatively shallow cover both north and south of the main outcrops at Challacollo. Of particular interest are known mineralized veins (Palermo Norte, Lolon Sur / San Francisco, Gladys IV) that manifest self-potential signals, and/or project into one of the covered electrical anomalies, and/or show significant Ag values (100s of g/t) in outcrop on the edge of cover. Distinct excursions (troughs) match up well with known veins in outcrop or subcrop in southern part of the mountain range. Voltage excursions on covered ground to the east Gladys IV and Lolon Sur suggest the presence of "blind" veins under colluvium.

Conference Call

Mandalay's management will be hosting a conference call for investors and analysts on July 28, 2016 at 8:00 am (Toronto time). Analysts and interested investors are invited to participate using the following dial-in numbers:

Participant Number: (201) 689-8341

Participant Number (Toll free): (877) 407-8289

Conference ID: 13641309

A replay of the conference call will be available until 23:59 pm (Toronto time), August 11, 2016 and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number: (877) 660-6853

Encore ID: 13641309

Qualified Persons:

Costerfield and Björkdal: Chris Gregory, Vice President of Operational Geology and Chief Shield Geologist at Mandalay Resources, is a Member of the Australian Institute of Geoscientists (AIG), and a Qualified Person as defined by NI 43-101. He has reviewed and approved the technical and scientific information about Costerfield and Björkdal contained in this release.

Cerro Bayo and Challacollo: Scott Manske, Chief Cordilleran Geologist of Mandalay Resources, is an Oregon registered Professional Geologist and is a "Qualified Person" as defined by NI 43-101. he has reviewed and approved the technical and scientific information on Cerro Bayo and Challacollo contained in this release.

For further information:

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About Mandalay Resources Corporation:

Mandalay is a Canadian-based natural resource company with producing assets in Australia and producing and development 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 and the Americas 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 Mineral Resources, Mineral Reserves (including anticipated increases of each), ongoing exploration plans and goals. 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 30, 2016, a copy of which is available under Mandalay's profile at www.sedar.com. In addition, there can be no assurance that any current or future 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.