



## **MANDALAY RESOURCES**

### **MANDALAY RESOURCES CORPORATION RESTATES 2018 MINERAL RESERVES UPDATE FOR ITS COSTERFIELD OPERATION, INCLUDING RESTATEMENT OF MAIDEN RESERVES ESTIMATE FOR THE YOULE LODGE; ANNOUNCES FURTHER INCREASES TO MINERAL RESERVES**

- Restated Proven and Probable Mineral Reserves increased by a further 17% in gold ounces and 11% in antimony tonnes compared to January 8, 2019 announcement
- Measured and Indicated Mineral Resources remained as announced on January 8, 2019

TORONTO, ON, January 22, 2019 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) today announced the results of an amended and restated Mineral Resources and Reserves estimate for its Costerfield gold-antimony mine in Victoria, Australia.

On January 8, 2019, Mandalay announced an updated Mineral Reserves and Resources estimate for Costerfield, including a maiden Mineral Reserves estimate for the Youle lode. Subsequent to that announcement, Mandalay discovered that an error in the block volume transformation methodology utilized in the estimate as originally reported had affected the modeled vein width of Youle, leading to an understatement of the Mineral Reserves at Costerfield. The error did not affect the Mineral Resource nor did it affect the Mineral Reserves for any other lode at Costerfield. The impact of the amendment on the Mineral Reserves at Costerfield is a 17% increase in gold ounces and an 11% increase in antimony tonnes.

As a result of this restatement, net of depletion from production during the first eleven months of 2018, Proven and Probable Mineral Reserves for contained gold ("Au") increased by 48% versus the year prior, while contained antimony ("Sb") replaced depletion in the same period. The restated Mineral Reserves do not impact the Company's 2019 - 2021 production guidance which was announced January 16, 2019.

Details of the Mineral Resources and Reserves estimate at Costerfield are included in the notes below each table. The estimate was prepared by SRK Consulting (Australasia) Pty Ltd. ("SRK"). The year-end 2018 estimate of Mineral Resources and Reserves for Costerfield will be fully documented in a technical report prepared in accordance with National Instrument 43-101 ("NI 43-101") to be filed on [www.sedar.com](http://www.sedar.com) and the Mandalay website [www.mandalayresources.com](http://www.mandalayresources.com) within 45 days of the January 8, 2019 press release. All dollar amounts in this press release are in U.S. dollars unless otherwise noted. See Mandalay January 8, 2019 press release for details on logging, sampling and QA/QC.

**Table 1: Mineral Resources at Costerfield, Inclusive of Mineral Reserves as of December 1, 2018 and December 31, 2017**

2018					
	Tonnes (kt)	Au Grade (g/t)	Sb Grade (%)	Cont. Au (koz)	Cont. Sb (kt)
Measured	245	8.5	4.0	67	9.8
Indicated	1,073	8.2	2.9	283	31.0
<b>Measured + Indicated</b>	<b>1,319</b>	<b>8.3</b>	<b>3.1</b>	<b>351</b>	<b>40.8</b>
Inferred	497	8.0	1.9	128	9.5
2017					
	Tonnes (kt)	Au Grade (g/t)	Sb Grade (%)	Cont. Au (koz)	Cont. Sb (kt)
Measured	290	9.2	4.2	86	12.1
Indicated	971	5.7	2.5	177	23.9
<b>Measured + Indicated</b>	<b>1,261</b>	<b>6.5</b>	<b>2.9</b>	<b>262</b>	<b>36.0</b>
Inferred	379	6.6	1.1	80	4.0

Notes:

1. Mineral Resources estimated as of December 1, 2018 and depleted for production through November 30, 2018.
2. Mineral Resources stated according to CIM guidelines and include Mineral Reserves.
3. Tonnes are rounded to the nearest thousand; contained gold (oz) Rounded to the nearest thousand and contained antimony (t) rounded to the nearest hundred.
4. Totals may appear different from the sum of their components due to rounding.
5. A 3.5 g/t gold equivalent (AuEq) cut-off grade over a minimum mining width of 1.2 m is applied where AuEq is calculated at a gold price of \$1,400/oz, antimony price of \$10,000/t.
6. The Gold equivalent value (AuEq) is calculated using the formula:  $AuEq = Au \text{ g/t} + 1.67 * Sb \%$ .
7. Geological modelling and sample compositing was performed by Mandalay Resources. The models were independently verified by Danny Kentwell FAusIMM, a full-time employee of SRK Consulting.
8. The Mineral Resource estimation was performed by Mandalay Resources. The resource models were verified by Danny Kentwell FAusIMM, a full-time employee of SRK Consulting. Danny Kentwell is the qualified person under NI 43-101, and is the Competent Person for the Resource.

From the Mineral Resource, a mine plan was designed based only on Measured and Indicated Resource blocks using, predominantly, the cemented rock fill blast hole stoping method. A cut-off grade of 4.0 g/t AuEq and minimum stoping width of 1.2 m were used, with planned and unplanned dilution at zero grade. Gold equivalent ("AuEq") grade (using \$1,200/oz Au and \$8,500/t Sb), for the mine plan is calculated using the formula  $AuEq = Au + (Sb \times 1.68)$  where Sb is in % and Au is in grams per tonne.

**Table 2: Restated Mineral Reserves at Costerfield as of December 1, 2018 (announced January 22, 2019 compared to announced January 8, 2019)**

Restated on January 22, 2019					
	Tonnes (kt)	Au Grade (g/t)	Sb Grade (%)	Cont. Au (koz)	Cont. Sb (kt)
Proven	76	8.4	4.0	20	3.1
Probable	461	10.8	3.1	160	14.2
<b>Proven + Probable</b>	<b>537</b>	<b>10.4</b>	<b>3.2</b>	<b>180</b>	<b>17.2</b>
Previously announced January 8, 2019					
	Tonnes (kt)	Au Grade (g/t)	Sb Grade (%)	Cont. Au (koz)	Cont. Sb (kt)
Proven	76	8.4	4.0	20	3.1
Probable	461	9.0	2.7	134	12.5
<b>Proven + Probable</b>	<b>537</b>	<b>8.9</b>	<b>2.9</b>	<b>154</b>	<b>15.5</b>

## Notes:

1. Mineral Reserve estimated as of December 1, 2018, and depleted for production through to November 30, 2018.
2. Tonnes are rounded to the nearest thousand; contained gold (oz) rounded to the nearest thousand and contained antimony (t) rounded to the nearest hundred.
3. Totals are subject to rounding.
4. Lodes have been diluted to a minimum mining width of 1.2 m for stoping and 1.8 m for ore development.
5. A 4.0 g/t gold equivalent (AuEq) cut-off grade is applied.
6. Commodity prices applied are; gold price of \$1,200/oz, antimony price of \$8,500/t and exchange rate USD:AUD of 0.71.
7. The gold equivalent value (AuEq) is calculated using the formula:  $AuEq = Au\ g/t + 1.68 * Sb\ \%$ .
8. The Mineral Reserve is a subset of a Measured and Indicated only Schedule, of a Life of Mine Plan that includes mining of Measured, Indicated and Inferred Resources.
9. The Mineral Reserve estimate was prepared by Steven Taylor BTEch (Mining Engineering) MAusIMM, and Chris Lynch BEng (Mining) MAusIMM who are full time employees of Mandalay Resources and was independently verified by Anne-Marie Ebbels, MAusIMM, CP (Mining) who is a full-time employee of SRK Consulting who is a qualified person under NI 43-101.

**Table 3: Restated Mineral Reserves at Costerfield as of December 1, 2018 compared to December 31, 2017**

2018					
	Tonnes (kt)	Au Grade (g/t)	Sb Grade (%)	Cont. Au (koz)	Cont. Sb (kt)
Proven	76	8.4	4.0	20	3.1
Probable	461	10.8	3.1	160	14.2
<b>Proven + Probable</b>	<b>537</b>	<b>10.4</b>	<b>3.2</b>	<b>180</b>	<b>17.2</b>
2017					
	Tonnes (kt)	Au Grade (g/t)	Sb Grade (%)	Cont. Au (koz)	Cont. Sb (kt)
Proven	152	7.3	3.5	36	5.3
Probable	470	5.7	2.5	86	12.0
<b>Proven + Probable</b>	<b>622</b>	<b>6.1</b>	<b>2.8</b>	<b>122</b>	<b>17.2</b>

Notes: See notes to Table 2

**Table 4: Restated Mineral Reserves at Youle (Costerfield), as of December 1, 2018 (announced January 22, 2019 compared to announced January 8, 2019)**

Restated on January 22, 2019					
	Tonnes (kt)	Au Grade (g/t)	Sb Grade (%)	Cont. Au (koz)	Cont. Sb (kt)
Proven	-	-	-	-	-
Probable	267	14.1	3.3	121.2	8.8
<b>Proven + Probable</b>	<b>267</b>	<b>14.1</b>	<b>3.3</b>	<b>121.2</b>	<b>8.8</b>
Previously announced January 8, 2019					
	Tonnes (kt)	Au Grade (g/t)	Sb Grade (%)	Cont. Au (koz)	Cont. Sb (kt)
Proven	-	-	-	-	-
Probable	263	11.2	2.7	94	7.0
<b>Proven + Probable</b>	<b>263</b>	<b>11.2</b>	<b>2.7</b>	<b>94</b>	<b>7.0</b>

Notes: See notes to Table 2

### **Qualified Persons:**

All Qualified Persons listed below have read and approved the contents of this news release as it pertains to the Mineral Resources and Mineral Reserves estimate disclosed in this news release.

The Mineral Resource Estimate was carried out under the supervision of Danny Kentwell, FAusIMM, an employee of SRK Consulting and independent of Mandalay Resources Corporation. He is a Qualified Person for the purpose of NI 43-101. The Mineral Reserve estimate was prepared by Steven Taylor BTEch (Mining Engineering) MAusIMM, and Chris Lynch BEng (Mining) MAusIMM who are full-time employees of Mandalay Resources and was independently verified by Anne-Marie Ebbels, MAusIMM, CP (Mining) who is a full-time employee of SRK Consulting and a qualified person under NI 43-101.

### **For Further Information:**

Dominic Duffy  
President and Chief Executive Officer

Greg DiTomaso  
Director of Investor Relations

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### **About Mandalay Resources Corporation:**

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia and Sweden, and care and maintenance 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, 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 exploration potential of the Costerfield gold-antimony mine and development potential of the Youle deposit (Costerfield). 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 29, 2018, 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.*