



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

TORONTO, ON, May 12, 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 issued the announcement attached as Schedule "A" to this press release (the "Announcement") in respect of GEL's repurchase offer (the "Repurchase") and consent solicitation (the "Consent Solicitation") in respect of its U.S.\$60,000,000 principal amount 5.875% secured exchangeable bonds due 2019 (the "Bonds") that was launched on April 19, 2017.

As indicated in the Announcement, Mandalay understands that:

- the meeting of Bondholders in respect of the proposed amendments to the Bonds that were the subject of the Consent Solicitation has been adjourned indefinitely;
- the Repurchase has been withdrawn; and
- GEL has entered into discussions with Bondholders with respect to implementing alternative arrangements in respect of the Bonds which are substantially similar to those that were originally proposed pursuant to the Repurchase and Consent Solicitation (the "Alternative Arrangements").

Mandalay has been advised that to date GEL has received unanimous support from Bondholders in respect of the Alternative Arrangements. Mandalay will provide a further update on the Alternative Arrangements once GEL has determined whether or not they will be implemented.

### **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 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”**

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12 May 2017

### **GOLD EXCHANGEABLE LIMITED ANNOUNCES ADJOURNMENT OF MEETING AND WITHDRAWAL OF REPURCHASE OFFER**

Notice is hereby given that the Meeting of the Bondholders convened by Gold Exchangeable Limited (the “Issuer”) in relation to its U.S.\$60,000,000 5.875 per cent. Secured Exchangeable Bonds due 2019 (the “Bonds”) (ISIN: XS1061459381) by the notice dated 19 April 2017 as notified through the clearing systems to holders of the Bonds (“Bondholders”) was adjourned indefinitely at the request of the Issuer.

Notice is also hereby given that the repurchase offer made by the Issuer in relation to the Bonds, which was made on the terms, and subject to the conditions, contained in the repurchase and consent solicitation memorandum dated 19 April 2017 (as amended on 27 April 2017) (the “Repurchase and Consent Solicitation Memorandum”), has been withdrawn by the Issuer. Capitalised terms used in this announcement have the same meaning ascribed to them in the Repurchase and Consent Solicitation Memorandum.

The Issuer has entered into discussions with Bondholders on alternative arrangements in respect of the Bonds which are substantially similar to those contained in the Proposal. The Issuer intends to implement these arrangements as soon as possible, and to date has received unanimous indicative support in respect of these arrangements from the Bondholders (subject to completion of the necessary documentation).

Given the intention to amend the Conditions in a manner similar to those contained in the Proposal, the Issuer will not comply with the requirements of Condition 3.2 of the Bonds to register Gold Shares (as defined in the Conditions) in the Custody Accounts (as defined in the Conditions) on 14 May 2017.

To the extent a Bondholder had submitted an Electronic Instruction prior to the Expiration Deadline, it may request the relevant clearing system to unblock the Bonds from its account.