MANDALAY RESOURCES CORPORATION REPLACES MINERAL RESOURCES AND RESERVES IN YEAR-END 2016 UPDATE

TORONTO, ON, February 23, 2017 - Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) today announced its year-end 2016 Mineral Resources and Reserves estimations. In the Proven and Probable Reserves category (Table 1), contained gold ("Au") increased by approximately 10%, contained silver ("Ag") decreased by 40%, and contained antimony ("Sb") decreased by 7%. In the Measured and Indicated Resource category (Table 2), contained gold increased by approximately 15%, contained silver decreased by 14%, and contained antimony decreased by 16%. All dollar amounts in this press release are in U.S. dollars unless otherwise noted.

Table 1: Mineral Reserves as of December 31, 2016 and 2015

	2016			2015		
	Contained Au (koz)	**Contained Ag (koz)**	**Contained Sb (kt)**	**Contained Au (koz)**	**Contained Ag (koz)**	**Contained Sb (kt)**
Proven	55	931	6.4	57	835	5.5
Probable	720	7,932	11.1	648	14,041	13.4
Proven + Probable	**774**	**8,864**	**17.5**	**705**	**14,876**	**18.9**

Notes:

1. Reserves are contained at Costerfield, Cerro Bayo and Björkdal properties only.
2. See tables 4, 6 and 8 for details of Proven and Probable Reserve tonnages and grades at each property, including cut-off grades and Qualified Persons.
3. Mineral Reserves have not been estimated for Challacollo.
4. Totals may appear different from the sum of their components due to rounding.

Table 2: Mineral Resources, Inclusive of Mineral Reserves, as of December 31, 2016 and 2015

	2016			2015		
	Contained Au (koz)	**Contained Ag (koz)**	**Contained Sb (kt)**	**Contained Au (koz)**	**Contained Ag (koz)**	**Contained Sb (kt)**
Measured	96	1,189	11.4	106	1,065	11.0
Indicated	1,190	40,466	20.6	1,013	47,411	27.0
Measured + Indicated	**1,286**	**41,655**	**32.0**	**1,119**	**48,476**	**38.0**
Inferred	407	10,492	9.2	215	9,884	9.7

Notes:

1. See tables 3, 5, 7, and 9 for details of tonnages and grades at each property.
2. Totals may appear different from the sum of their components due to rounding.

Details of the Mineral Resources and Reserves estimates at each property are related below. They were prepared or verified by the following independent third parties: Roscoe Postle Associates Inc. ("RPA") at Björkdal and Cerro Bayo, and SRK Consulting (Australasia) Pty Ltd. ("SRK") at Costerfield. The estimate of Mineral Resources at the Challacollo project has not changed from 2014.

The year-end 2016 estimates of Mineral Resources and Reserves for the Cerro Bayo and Costerfield mines will be fully documented in independent Technical Reports to be filed on www.sedar.com and the Mandalay website www.mandalayresources.com within 45 days of this press release. The year-end 2016 estimates of Mineral Resources and Reserves for the Björkdal mine were obtained by depleting the recently published third party estimate with an effective date of September 30, 2016 (see press release of December 15, 2016) for production during the fourth quarter of 2016. The December announcement was fully supported by the independent Technical Report filed on January 27, 2017 on www.sedar.com and the Mandalay website www.mandalayresources.com.

Mark Sander, President and CEO of Mandalay, commented, "I am pleased to report that Mandalay's aggregate consolidated Resources and Reserves position, expressed as ounces of gold equivalent calculated at year-end 2016 resource and reserve reporting metal prices (see footnotes to tables in this release), remained nearly unchanged from the year before, calculated at the same metal prices. We currently have 1,024,000 ounces of gold equivalent in Proven and Probable Reserves and 2,229,000 ounces of gold equivalent in Measured and Indicated Resources inclusive of Reserves. This excellent overall result included significant additions at Björkdal due to exploration success, offset by reductions at Cerro Bayo due to reductions in estimated reserves along Delia SE vein in light of recent development sampling. The financial impact of the reserve reduction at Cerro Bayo has already been taken into account in the $10 million impairment charge announced with our 2016 full-year results on February 16, 2016. Mandalay's total 2016 investment in exploration of $13.7 million generated a total of 153,000 ounces of gold equivalent in Reserve additions including the effect of the Reserve reduction at Delia SE. Our 2016 discovery cost was $90 per ounce of gold equivalent.

"At Björkdal, we substantially increased Mineral Resources and Reserves in both the open pit and underground mines. The increase is due to continuing evolution of our understanding of the fundamental geology of the deposit, made possible by the careful factual observations and insightful interpretations of our team and supported by significant investment in drilling. As well, the methodology for conversion of Mineral Resources to Mineral Reserves has improved to more closely match the actual mining practices we are implementing. We believe that Mineral Resources and Reserves at Björkdal will continue to grow significantly, building on the recent positive exploration results in the second half of 2016 that were announced on January 27, 2017.

"At Costerfield, we extended and infilled Mineral Resources along the N, Cuffley and Brunswick lodes, although drill results did not support enough increase in Mineral Resources and Reserves to completely replace depletion. We obtained excellent drill intercepts in and around the Brunswick deposit but not quite enough Measured and Indicated Resource to convert the Brunswick lode into financially viable reserves. We are focused in the near-term on infilling and extending our drilling along the lode to upgrade more resources to Indicated, yielding more benefit for the required capital investment and resulting conversion to Mineral Reserves.

"At Cerro Bayo, we added Resources and Reserves along the Branca vein, but incurred more-than-offsetting decreases resulting from the impact of detailed development sampling along the Delia SE vein. While the limits of ore grades at shallow development levels of the vein approximated the drilling-based block model, the deepest three levels have exposed more internal waste in the mineralized shoot than was previously expected. Mineral Resources and Reserves at Cerro Bayo were also negatively impacted by higher cut-off grades linked to the shorter mine life along Delia SE. We have accelerated the rate of development of the Coyita vein to reach high-grade ore and will be able to begin drilling in late 2017 under the middle of Laguna Verde as that area becomes accessible. We look forward to the possibility of gaining back some of our 2016 reserve losses in the central Coyita vein, in the northern part of the high-grade Branca vein and in the high-grade Yasna Inflection zone which have, up until now, been unreachable by drilling from the shore."

Dr. Sander concluded, "At Challacollo, we carried out exploration drilling at several entirely new targets over the course of 2016. That drilling was not successful at identifying potentially significant silver or gold mineralization and no new technical report was necessary. Developments in early 2017 include receipt of our water exploration permit, a key milestone towards demonstrating a feasible project when the presence of adequate water to support the operation is confirmed by drilling later this year."

Björkdal 2016 Updated Mineral Resources and Reserves

During 2016, Björkdal drilled 35,981 metres of core and reverse circulation exploration holes for a total expenditure of $3.98 million. In addition, underground operations completed 5,385 metres of on-vein development, which was mapped and sampled in detail according to our grade control protocols.

Mandalay released the Björkdal Mineral Resource and Reserve update on December 15, 2016, with an effective date of September 30, 2016. The Technical Report detailing this update was filed on www.sedar.com on January 27, 2017. The Mineral Resources and Reserves estimates effective September 30, 2016 have been depleted though to December 31, 2016 to yield the Björkdal year-end Resource and Reserve estimation.

Table 3: Mineral Resources at Björkdal, Inclusive of Mineral Reserves, as of December 31, 2016

Category	Area	Tonnage (kt)	Au Grade (g/t)	Contained Au (koz)
Indicated Resources				
	Open Pit	4,161	2.00	268
	Underground	5,583	3.28	589
	Sub-total	**9,744**	**2.74**	**857**
	Stockpile	1,929	0.65	40
Total Indicated		**11,673**	**2.39**	**898**
Inferred Resources				
	Open Pit	2,577	1.19	99
	Underground	920	3.20	95
Total Inferred		**3,497**	**1.72**	**193**

Notes:

1. Mineral Resources are estimated as of September 30th, 2016, and depleted for production through December 31st, 2016.
2. CIM definitions were followed for Mineral Resources.
3. Mineral Resources are inclusive of Mineral Reserves.
4. Mineral Resources are estimated using an average Au price of $1,400/oz. and an exchange rate of 8.4 SEK/US$.
5. Bulk density is 2.74 t/m^3.
6. High gold assays were capped to 30 g/t Au for open pit.
7. High gold assays underground were capped at 60 g/t Au for the first search pass and 40 g/t Au for subsequent passes.
8. Interpolation was by inverse distance cubed utilizing diamond drill, reverse circulation and chip channel samples.
9. Open pit Mineral Resources are estimated at a cut-off grade of 0.35 g/t Au and constrained by the resource pit design.
10. Underground Mineral Resources are estimated at a cut-off grade of 0.90 g/t Au.
11. A nominal two metres minimum mining width was used to interpret veins using diamond drill, reverse circulation, and underground chip sampling.
12. Reported Mineral Resources are exclusive of previously mined underground development and stopes.
13. Stockpile Mineral Resources are estimated at a cut-off grade of 0.40 g/t Au and are based upon surveyed volumes supplemented by production data.
14. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
15. Numbers may not add due to rounding.
16. The Independent Qualified Person for the Björkdal Mineral Resource estimate is Reno Pressacco, P.Geo., RPA, who is a Qualified Person as defined by NI 43-101.

Table 4: Mineral Reserves at Björkdal, as of December 31, 2016

Category	Area	Tonnage (kt)	Au Grade (g/t)	Contained Au (koz)
Probable				
	Open Pit	4,534	1.36	198
	Underground	4,136	2.52	335
	Stockpile	1,929	0.65	40
Total Probable		**10,600**	**1.68**	**574**

Notes:

1. Mineral Reserves are estimated as of September 30th, 2016, and depleted for production through December 31st, 2016.
2. CIM definitions were followed for Mineral Reserves.
3. Open Pit Mineral Reserves are based on mine designs carried out on an updated resource model, applying a block dilution of 75% at 0.2 g/t Au. A cut-off grade of 0.4 g/t Au was applied.
4. Underground Mineral Reserves are based on mine designs carried out on an updated resource model. Minimum mining widths of 3.5 m for stopes (after dilution) and 3.8 m for development were used. Dilution was applied by adding 0.5 m on each side of stopes and adding 10% to development. Extraction was assessed at 95% for stopes and 100% for development. A cut-off grade of 1.00 g/t Au was applied. An incremental cut-off grade of 0.4 g/t Au was used for development material.
5. Stockpile Mineral Resources are estimated at a cut-off grade of 0.40 g/t Au and are based upon surveyed volumes supplemented by production data.
6. Mineral Reserves are estimated using an average long-term gold price of US$1,200/oz, and an exchange rate of 8.4 SEK/US$.
7. Tonnes and contained gold are rounded to the nearest thousand.
8. Totals may appear different from the sum of their components due to rounding.
9. The Independent Qualified Persons for the Björkdal Mineral Reserve estimate are Ian Weir, P.Eng., RPA (for open pit reserves) and David Robson, P.Eng., RPA (for underground reserves), who are Qualified Persons as defined by NI 43-101.

The net increase of 156,000 ounces of gold in Probable Reserves for 2016 relative to 2015 included mining depletion of 55,900 ounces of gold during 2016. Therefore, a total of 211,900 ounces of gold were added to reserves for the 2016 exploration spend of $3.98 million reported above. The exploration cost of adding those reserves was $18.78 per ounce of gold.

Costerfield 2016 Updated Mineral Resources and Reserves

During 2016, Mandalay drilled 32,662 metres of diamond core for $4.67 million. In addition, the Company completed 4,533 metres of on-vein operating development with mine sampling, mostly in N and Cuffley lodes.

Drill core was logged and sampled by Costerfield geologists, who also performed mine sampling. All samples were sent to Onsite Labs 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, duplicates and blanks with drill and face samples submitted for assay. Standard reference materials have been certified by Geostats Pty Ltd.

Core and mine sampling data were entered into Datamine software and composited to true vein width. Gold accumulation, antimony accumulation and true vein width were estimated into a two dimensional block model for each lode using ordinary kriging and inverse distance (where the abundance of data was insufficient for ordinary kriging). Gold and antimony vein grades were back calculated using estimated accumulated assay data over true vein width.

Where vein true widths are less than 1.2 metres, vein grades were diluted to a minimum mining width of 1.2 metres using dilution grades of zero gold and zero antimony. Where true vein widths were greater than 1.2 metres, vein grades were not diluted. Mineral Resources were estimated at a cut-off grade of 3.5 grams per tonne gold equivalent using metal prices of $1,400 per ounce gold and $10,000 per tonne antimony. Gold equivalent is calculated using the formula Au Eq. = Au + (Sb x 1.76) where Sb is in % and Au is in g/t based on 1.2 metre diluted grades.

Table 5: Mineral Resources at Costerfield, Inclusive of Mineral Reserves, as of December 31, 2016

Category	Tonnage (kt)	Au Grade (g/t)	Sb Grade (%)	Contained Au (koz)	Contained Sb (kt)
Measured	286	9.5	4.0	88	11.4
Indicated	812	5.9	2.5	155	20.6
Measured + Indicated	**1,098**	**6.9**	**2.9**	**242**	**32.0**
Inferred	800	6.0	1.1	155	9.2

Notes:

1. Mineral Resources estimated as of December 31, 2016, and depleted for production through December 31, 2016.
2. Mineral Resources stated according to CIM guidelines and include Mineral Reserves.
3. Tonnes and contained Au (oz) are rounded to the nearest thousand; contained Sb (t) is rounded to nearest hundred.
4. Totals may appear different from the sum of their components due to rounding.
5. A cut-off grade of 3.5 g/t Au Eq. over a minimum mining width of 1.2 m is applied where Au Eq. is calculated at a gold price of $1,400/oz, antimony price of $10,000/t and exchange rate USD:AUD of 0.75.
6. The Au Eq. value is calculated using the formula: Au Eq. = Au g/t + 1.76 * Sb %.
7. Geological modelling and sample compositing was performed by Cael Gniel, who is a full-time employee of Mandalay Resources, Chris Davis, MAusIMM, who is a full-time employee of Mandalay Resources and was independently verified by Danny Kentwell, FAusIMM, full-time employee of SRK Consulting.
8. The Mineral Resource estimation was performed by Kirsty Sheerin, MAusIMM, who is a full-time employee of SRK Consulting, Cael Gniel, who is a full-time employee of Mandalay Resources and Chris Davis, MAusIMM, who is a full-time employee of Mandalay Resources. The resource models were verified by Danny Kentwell, FAusIMM full-time employee of SRK Consulting. Danny Kentwell, FAusIMM, full-time employee of SRK Consulting is a Qualified Person as defined by NI 43-101.

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 grams per tonne gold equivalent and minimum stoping width of 1.2 metres were used, with planned and unplanned dilution at zero grade.

Financial viability of Proven and Probable Mineral Reserves was demonstrated at metal prices of $1,200 per ounce gold and $8,000 per tonne antimony.

Table 6: Mineral Reserves at Costerfield, as of December 31, 2016

Category	Tonnage (kt)	Au Grade (g/t)	Sb Grade (%)	Contained Au (koz)	Contained Sb (kt)
Proven	184	8.1	3.5	48	6.4
Probable	434	5.7	2.6	80	11.1
Proven + Probable	**619**	**6.5**	**2.8**	**128**	**17.5**

Notes:

1. Mineral Reserves estimated as of December 31, 2016, and depleted for production through to December 31, 2016.
2. Tonnes and contained Au (oz) are rounded to the nearest thousand; contained Sb (t) rounded to nearest hundred.
3. Totals are subject to rounding error.
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 cut-off grade of 4.0 g/t Au Eq. is applied.
6. Commodity prices applied are; Au price of $1,200/oz, Sb price of $8,000/t and exchange rate USD:AUD of 0.75.
7. The Au Eq. value is calculated using the formula: Au Eq. = Au g/t + 1.64 * Sb %.
8. The Mineral Reserve is a subset, 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 Chloe Cavil who is a full-time employee of Mandalay Resources and was independently verified by Peter Fairfield, FAusIMM, CP (Mining) who is a full-time employee of SRK Consulting who is a Qualified Person as defined by NI 43-101.

The net decrease of 17,000 ounces gold in Proven and Probable Reserves for 2016 relative to 2015 consists of a total of 46,000 ounces depleted from the 2015 Reserves, which has been positively offset by the addition of 29,000 ounces added by resource conversion and mining re-evaluation. The 1,400 tonne net decrease in antimony Reserves consists of 5,500 tonnes depleted from the 2015 Reserves, offset by the 4,100 tonnes added by resource conversion and mining re-evaluation. The 29,000 ounce gold addition to reserves and the 4,100 tonne antimony addition amounts to 56,300 ounces of gold equivalent calculated at the reserve prices of $1,200 per ounce gold and 8,000 per tonne antimony. This addition was accomplished at an average discovery cost of $82.90 per ounce gold equivalent.

Cerro Bayo 2016 Exploration and Updated Mineral Resources and Reserves

During 2016, Mandalay drilled 35,400 metres of diamond core for $3.1 million. This drilling was conducted to support the conversion of Inferred Resources within the known vein deposits to Indicated Resources and to drill test near-mine and new targets, in the Laguna Verde, Cerro Bayo and Brillantes areas. In addition, the Company completed 5,400 metres of underground on-vein development with face sampling, mostly in the Delia NW, Delia SE, Trinidad, and Coyita.

Drill core was logged and sampled by Cerro Bayo geologists, who also performed face sampling. All samples were delivered to the Cerro Bayo site laboratory for sample preparation and analysis. Site geological and metallurgical personnel continue to maintain a quality assurance and quality

control (QA/QC) process that includes the regular submission of standard reference materials, duplicates, and blanks with drill and face samples submitted for assay. Standard reference materials have been certified by CDN Resources Laboratories Ltd.

Core and mine sample data were entered into Vulcan software and vein boundaries were interpreted manually in a wireframe model. Wireframes of the Delia SE vein were substantially more restricted in the 2016 update than previously due to assays from development sampling on the vein. For each vein, gold values for the diamond drill holes and channel samples were capped at a range of 10 grams per tonne to 50 grams per tonne; silver values were capped at a range of 700 grams per tonne to 5,000 grams per tonne before compositing across the vein width. A bulk density of 2.63 tonnes per cubic metre was used. Grades for gold and silver for each resource block were estimated by the inverse distance cubed method. Parent block (width x 1 metre x 1 metre) and sub-block (0.1 metre x 1 metre x 1 metre) sizes were used with a resultant block size of the vein width x 1 metre x 1 metre.

Mineral Resources were reported at a cut-off grade of 162 grams per tonne silver equivalent (using metal prices of $1,400 per ounce gold and $24 per ounce silver) over a minimum vein width of 1.2 metres. Silver equivalent is calculated using the formula Ag Eq. = Ag + (Au x 58.25) where Ag and Au are in grams per tonne.

Table 7: Mineral Resources at Cerro Bayo, inclusive of Mineral Reserves, as of December 31, 2016

Category	Tonnage (kt)	Ag Grade (g/t)	Au Grade (g/t)	Contained Ag (koz)	Contained Au (koz)
Measured	105	352	2.47	1,189	8
Indicated	915	349	3.05	10,266	90
Measured + Indicated	**1,020**	**349**	**2.99**	**11,455**	**98**
Inferred	543	206	2.49	3,592	43

Notes:
1. Mineral Resources estimated as of December 31, 2016 and depleted for production through December 31, 2016.
2. Mineral Resources stated according to CIM definitions and include Mineral Reserves.
3. Tonnes, contained Ag, and contained Au are rounded to the nearest thousand.
4. Totals may be different from the sum of their components due to rounding.
5. A 162 g/t Ag Eq. cut-off grade over a minimum mining width of 1.2 m is applied where Ag Eq. is calculated at an Ag price of US$24/oz and Au price of US$1,400/oz. The Ag Eq. value is calculated using the formula: Ag Eq. = Ag g/t + (58.25 x Au g/t).
6. The Independent Qualified Person for the Cerro Bayo Mineral Resource estimate is Rosmery Julia Cardenas Barzola, P.Eng., RPA, who is a Qualified Person as defined by National Instrument NI 43-101.
7. A bulk density of 2.63 t/m³ was used.

From the Mineral Resource, a mine plan was designed based only on Measured and Indicated Resource blocks using the blast hole stoping method currently employed at the mine. A cut-off grade of 219 grams per tonne silver equivalent and a minimum stoping width of 2.4 metres were used, with planned and unplanned dilution at zero grade. The cut-off grade has increased from 164 grams per tonne silver equivalent used previously due to increased development requirements to sustain mine production from more spatially disperse Mineral Resources.

Financial viability of Proven and Probable Mineral Reserves was demonstrated at metal prices of $18 per ounce silver and $1,200 per ounce gold.

Table 8: Mineral Reserves at Cerro Bayo as of December 31, 2016

Category	Tonnage (kt)	Ag Grade (g/t)	Au Grade (g/t)	Contained Ag (koz)	Contained Au (koz)
Proven	103	282	1.91	931	6
Probable	876	282	2.33	7,932	66
Proven + Probable	**979**	**282**	**2.29**	**8,864**	**72**

Notes:

1. Mineral Reserves estimated as of December 31, 2016, and depleted for production through to December 31, 2016.
2. Mineral Reserves stated according to CIM definitions.
3. Tonnes and contained Au and Ag are rounded to the nearest thousand.
4. Totals may appear different from the sum of their components due to rounding.
5. Veins have been diluted to a minimum mining width of 2.4 m for stoping and 3.0 m for ore development.
6. A 219 g/t Ag Eq. cut-off grade was applied, using the formula: Ag Eq. = Ag g/t + (66.44 x Au g/t).
7. Mineral Reserves are estimated using an average long-term Ag price of $18/oz and Au price of $1,200/oz.
8. The Independent Qualified Person for the Cerro Bayo Mineral Reserve estimate is Normand Lecuyer, P.Eng., RPA, who is a Qualified Person as defined by NI 43-101.

The resources and reserves have decreased at Cerro Bayo due to changes to more restrictive wireframes and higher cut-off grades. The new resource wireframes are smaller than previously interpreted for some veins due to new drilling and face sampling data that encountered more internal waste and also reduced the overall extent of mineralization. There was a net decrease of 6.0 million ounces of silver and 70,000 ounces of gold in Proven and Probable Reserves for 2016 relative to 2015. This decrease includes mine production in 2016 of 2.1 million ounces of silver and 16,000 ounces of gold and the combined impacts of the increased cut-off grade and adjustments to the resource estimation and classification criteria made on the basis of additional geological data obtained during 2016. These decreases were partially offset by the addition of 141,000 ounces of silver and 1,000 ounces of gold added from infill drilling in the Branca vein.

Challacollo 2016 Mineral Resources

No new Resource and Reserve estimate was conducted at Challacollo during 2016. For completeness, the 2014 Mineral Resource estimate is summarized in Table 9 below.

Table 9: Mineral Resources at Challacollo Silver Project as of December 31, 2016

Category	Tonnage (kt)	Au Grade (g/t)	Ag Grade (g/t)	Au (koz)	Ag (koz)
Measured	-	-	-	-	-
Indicated	4,700	0.32	200	48	30,200
Measured + Indicated	**4,700**	**0.32**	**200**	**48**	**30,200**
Inferred	1,600	0.31	134	16	6,900

Notes:

1. Mineral Resources estimated as of 31 December, 2014.
2. Mineral Resources stated according to CIM guidelines.
3. Totals may appear different from the sum of their components due to rounding.
4. Mineral Resources are estimated at a cut-off grade of 60 g/t Ag as interpreted and modeled using GEOVIA Surpac software.
5. A bulk density 2.45 t/m^3 used as a base with adjustments based on barium, lead and zinc grades.
6. No capping of Ag grades has been applied due to low grade variability. Au grades have been capped at 3 g/t.

7. Numbers may not add due to rounding.
8. The Mineral Resource estimate was supervised by Michael Collins, P.Geo., who is a full-time employee of Mining Plus and a Qualified Person as defined by NI 43-101.
9. Mineral Resources estimated using an Ag price of $24/oz and an Au price of $1,400/oz

Qualified Persons:

All Qualified Persons listed below have read and approved the contents of this news release as it pertains to the Mineral Resource and Mineral Reserve estimates disclosed in this news release.

For Björkdal: The Mineral Resource Estimate was carried out under the supervision of Reno Pressacco, P.Geo., an employee of RPA and independent of Mandalay Resources Corporation. He is a Qualified Person for the purpose of National Instrument 43-101. The Mineral Reserve Estimate was carried out under the supervision of Ian Weir, P. Eng., (for open pit reserves) and David Robson, P.Eng., (for underground reserves). Both are employees of RPA and are independent of Mandalay Resources Corporation. They are Qualified Persons for the purposes of NI 43-101.

For Cerro Bayo: The Mineral Resource Estimate was carried out under the supervision of Rosmery Julia Cardenas Barzola, P.Eng., an employee of RPA and independent of Mandalay Resources Corporation. She is a Qualified Person for the purpose of National Instrument 43-101. The Mineral Reserve Estimate was carried out under the supervision of Normand Lecuyer, P. Eng., an employee of RPA and independent of Mandalay Resources Corporation. He is a Qualified Person for the purposes of NI 43-101.

For Costerfield: 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 National Instrument 43-101. The Mineral Reserve Estimate was carried out under the supervision of Peter Fairfield, FAusIMM, an employee of SRK Consulting and independent of Mandalay Resources Corporation. He is a Qualified Person for the purposes of NI 43-101.

For Challacollo: Michael Collins, P.Geo., a full time employee of Mining Plus and a Qualified Person under NI 43-101 supervised and takes responsibility for the Mineral Resource Estimate and has approved the technical and scientific information in the Challacollo section of this press release.

For further information:

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Forward-Looking Statements:

This news release contains "forward-looking statements" within the meaning of applicable securities laws. 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 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.