



Mandalay Resources Corporation Announces C\$35 Million Treasury Offering

TORONTO, ONTARIO -- (Marketwired - July 5, 2016)

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Mandalay Resources Corporation ("Mandalay") (TSX:MND) has announced today that it has entered into an agreement with BMO Capital Markets (the "Underwriter"), under which the Underwriter has agreed to buy on a bought deal basis 30,440,000 common shares (the "Common Shares"), at a price of C\$1.15 per Common Share for gross proceeds of C\$35,006,000 (the "Offering"). The Company has granted the Underwriters an option, exercisable at the offering price for a period of 30 days following the closing of the Offering, to purchase up to an additional 15% of the Offering to cover over-allotments, if any. The offering is expected to close on or about July 26, 2016 and is subject to Mandalay receiving all necessary regulatory approvals.

The net proceeds of the offering will be used for metallurgical improvement projects at Björkdal and Cerro Bayo, increased exploration activities across all the Company's mines, and general corporate purposes.

The Company is also reaffirming today its previously issued company-wide 2016 production and cash cost guidance of 2.9 - 3.3 million ounces of silver, 100,000 - 115,000 ounces of gold, 3,000 - 3,500 tonnes of antimony, at cash costs of US\$690 - US\$810 / Au equivalent ounce*. The Common Shares will be offered by way of a short form prospectus in all of the provinces and territories of Canada, excluding Quebec and may also be offered by way of private placement in the United States.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

*Assumed metal prices: Au US\$1,202/oz, Ag US\$16.87/oz, Sb US\$6,820/t

About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia, Chile and Sweden, and a development project 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 guidance as to anticipated gold, silver, and antimony production and production costs in the future. 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. 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.

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