

Mandalay Provides 2016 End-of-Year Exploration Updates for Its Costerfield, Björkdal, and Cerro Bayo Mines and Its Challacollo Project

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TORONTO, Jan. 27, 2017 - [Mandalay Resources Corp.](#) ("Mandalay" or the "Company") (TSX:MND) is pleased to provide exploration updates for the second half of 2016 at all four of its properties: the three producing properties, Björkdal (Sweden), Costerfield (Australia) and Cerro Bayo (Chile); and the Challacollo (Chile) development project.

This press release refers to tables and figures. Accompanying tables can be found at the bottom of the press release, while the 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 second half of 2016, exploration yielded generally favourable results. Our drilling generated significant new drill intersections that are expected to support short-term and eventual long-term Mineral Resource and Reserve additions for the Company as a whole. At Björkdal, we obtained excellent results, suggesting we are well on the way for another significant Mineral Resource and Reserve expansion in late 2017, following the 200,000 ounce gold Reserve increase announced on December 15, 2016. At Costerfield, we generated encouraging results, with infill drilling results suggesting possible mine life extensions. At Cerro Bayo, while new drilling from the shore of Laguna Verde has infilled mineralization on Branca vein to support addition to reserves, new development data along Delia SE suggests a pending reduction in minable reserves along the vein at the coming Mineral Resource and Reserve update scheduled for later in the first quarter of 2017. As well, target testing of our highest priority surface targets failed to generate positive results. Lastly, at Challacollo, we received our permit for exploring for an alternate source of water. This is a breakthrough in our development of the property."

Dr. Sander continued, "At Björkdal, assays obtained too late to be included in the recently announced reserve addition of over 200,000 ounces of gold (see Mandalay December 15, 2016 press release) suggest we will achieve another significant reserve addition at the next update in late 2017. In the underground mine, we have completed infill and extension drilling of existing Inferred Mineral Resources in the Lake Zone, Central Zone, and Main Zone. For the open pit mine, we have completed infilling previously Inferred Mineral Resources in the Björkdal East Pit and in the new Nylunds Pit. As well, we have completed infilling shallow mineralization at Rönnerget, approximately 4 kilometres east-southeast of the Björkdal Pit, which we also expect to convert to open pit reserves. With our wider step-out drilling at Björkdal, we have demonstrated that well-mineralized gold-quartz veins continue several hundred metres to the north of the defined reserves in the Lake Zone in long holes drilled from underground. As well, both shallow and deep gold intercepts in the Storheden area northeast of the open pit suggests that more drilling in this area could define additional resources in future years."

Dr. Sander continued, "At Costerfield, we continued infill and extensional drilling in and around the Cuffley and Brunswick lodes. The impact of these results will be contained in the Mineral Resources and Reserves update to be released later in the first quarter of 2017. As well, new high-grade intercepts were generated on the Cuffley Deeps West lode, the Central East and Central Main lodes below the King Cobra fault, and on the M-lode, all of which encourage more drilling in 2017."

Dr. Sander continued, "At Cerro Bayo, detailed development sampling refined our understanding of gold and silver distribution in the Delia SE vein. Whereas 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 thought. This finding is being investigated as part of the updated Mineral Resources and Reserves estimate for year-end 2016, expected to be released later in the first quarter of 2017. We have been successful at infill drilling on that part of the Branca vein reachable from collars on the shore of Laguna Verde. We expect conversion of Branca mineralization to Mineral Reserves in the coming update to offset part of the anticipated reduction in Delia SE. Meanwhile, initial testing of our highest priority vein targets elsewhere in the district failed to generate significant results.

Dr. Sander concluded, "At Challacollo we received permission for water exploration in January, 2017, a major milestone in the development of the project. During late 2016, drill testing of several large geophysical anomalies intersected widely distributed, disseminated pyrite, which naturally gives rise to the anomalies but is unrelated to silver-gold mineralization. However, hand trenching and sampling along the Lolon vein has revealed several hundred metres of previously undocumented strike length that contains high silver grades at the surface. As well, reinterpretation of our previous drill results has identified high-grade splays along Lolon. Both these targets represent opportunities to expand the resource when we next have drill rigs on-site to infill the current Inferred Mineral Resource of approximately 6 million ounces of silver."

Björkdal Exploration

We have now received the mining license to extend our mining concession to include Lake Zone and the eastern extension of Central Zone, allowing us to begin development and stoping there to improve near-term operational results.

Drilling, Sampling and Assaying

During the period from July 1, 2016, to December 31, 2016, 151 exploration drill holes totaling 24,518 metres ("m") were completed at Björkdal. This total includes 32 surface core holes for 5,178 m, 44 underground core holes for 10,170 m and 75 RC holes for 9,170 m (Table 1). All drill-hole collars were surveyed and downhole surveys were completed in order to record hole azimuth and plunge variations.

All surface and underground exploration drilling was conducted by third party contractors, with both core (WL66--50 millimetre ("mm") diameter and (HQ--63.5 mm diameter)) as well as Reverse Circulation ("RC"; -- 5 ½ inch diameter) methods.

Core and RC samples were logged by Mandalay geologists on-site. Assays of Björkdal samples were completed at CRS Minlab Oy (CRS) in Kempele, Finland and at ALS in Piteå, Sweden. Whole core samples (WL66-size) were sent directly to the independent laboratories for sample preparation and assaying, while HQ diameter core was half-sawn off-site at the laboratories before sample preparation. Assaying was conducted utilizing the PAL1000 (CRS) and LeachWELL (ALS) cyanide leaching processes. A rigorous 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 Corp. Technical Report on the Björkdal Gold Mine, Sweden"; filed March 31, 2015.

Björkdal assay results reported in this press release are those that were obtained after the cutoff dates (August 31, 2016, for underground drilling and September 30, 2016, for open pit drilling) for inclusion in the updated Björkdal resource and reserve estimations recently published by Mandalay Resources (see Mandalay December 15, 2016 press release). Therefore, they indicate potential to expand resources and reserves beyond those recently announced.

Significant Exploration Results (Tables 1 through 6; Figures 1 through 7)

Underground Drilling Results

Underground diamond drilling at Björkdal generated many new, well-mineralized intercepts in both already known and newly discovered gold ("Au")-bearing quartz veins. Most underground drilling at Björkdal over the past six months was focused on infilling previously reported intercepts from initial

extensional drilling and extending known mineralized veins immediately adjacent to currently mined areas (Table 2; Figures 1 and 2). Particular areas of focus for these drilling programs were the eastern extensions of the Main and Central Zones and the northern margin of the Lake Zone.

Drilling results from the Main and Central Zones indicate strong mineralization continues eastward of the current limits of underground development for at least 100-200 m and that the mineralization remains open in that direction (Figure 2).

Drilling results from the Lake Zone, intended to infill previously Inferred Mineral Resource, succeeded in generating closely spaced mineralized intercepts the Company expects to support an upgrade to the Indicated Resource category at the next Mineral Reserve update (Figure 2).

Two holes, each approximately 600 m in length were drilled northwards from the current northern extremity of the underground workings. They intersected many new gold-bearing quartz veins up to 500 m north of previously known limits of the Björkdal deposit (Table 3; Figures 1 and 3).

Open Pit Drilling Results

Near-mine surface drilling during the period focused on infilling and extending shallow gold resources adjacent to the Björkdal East Pit as well as in and around the newly defined Nylunds Mineral Reserve (see Mandalay December 15, 2016 press release) extending approximately 750 m southeast of the current pit limits (Table 4; Figures 1 and 4). The Nylunds deposit remains open to the east, southeast and to depth.

Rönnberget drilling results

The Rönnberget deposit lies 4 km east-southeast of the current Björkdal open pit (Figure 1). The deposit was originally discovered by drilling in the late 1990's. The purpose of the 2016 drill program was to infill and extend the limited historic drilling. Drilling results (Table 5 and Figure 5) show that elevated gold mineralization is stratabound, hosted within albite- and actinolite- altered intermediate volcaniclastic sedimentary rocks and tuffs). This is a distinctly different setting than at Björkdal and Nylunds, where mineralization occurs in sheeted, steeply-dipping quartz-gold veins. As well, the average grade of the intercepts at Rönnberget is much higher than in Björkdal and Nylunds. The mineralized zone at Rönnberget is sub-parallel to regional bedding and dips approximately 25° towards the northeast. The deposit remains open along strike, and down-dip, and based on the drilling results reported here, the Company is applying for a mining concession.

Storheden drilling results

The Storheden area is located between 500 m and 700 m to the east of the existing Björkdal mining area (Figures 1 and 6). The area contains shallow mineralization in the Storheden deposit, defined by historic drilling and hosted in a series of north-east dipping quartz veins. During 2016, three diamond drill holes were drilled to confirm the presence of both the shallow Storheden gold-bearing veins and the hypothesized deeper strike extensions of the Björkdal sheeted vein system. Both targets were successfully intersected in their predicted locations; several significant gold-bearing veins were discovered in each of these drill holes. Two assayed intervals in hole ME6-029 assayed 2.23 m true width at 9.84 g/t Au (containing an interval of 0.24 m true-width, assaying 77.7 g/t Au), and 0.19 m true width at 91.1 g/t Au (Table 6). Both of these high-grade intervals are interpreted to represent the depth and eastward extension of the Björkdal veins in the current underground mine, as do the lower grade intervals obtained in hole MU6-030. Evidently, the Björkdal veins extend at least 300-400 m further east than previously demonstrated. Shallow, elevated gold intercepts obtained from MU6-028 confirm previous reports of potential surface minable mineralization based on historic drilling.

Morbacken drilling results

The Morbacken area lies approximately 1.8 km east of the current Björkdal open pit mine and approximately one km from the eastern known limits of the Nylunds deposit (Figures 1 and 7). Nine diamond drill holes were drilled in this area during late 2016 using HQ sized drilling equipment; assays on only two of these

holes were returned before December 31 and are included in this report (Table 7 and Figure 7). While detailed understanding of the geological setting of this prospect is not yet in-hand, preliminary investigations suggest that significant gold assay intervals are encountered within strongly albite-actinolite-epidote-altered horizons of a volcanogenic succession similar to that at the Rönnerberg prospect. At Morbacken, elevated gold concentrations are commonly accompanied by elevated copper concentrations contained within the minerals bornite and chalcopyrite.

Costerfield Exploration

Drilling, Sampling, and Assaying

During the second half of 2016, Mandalay drilled 17,147 m of diamond core at its Costerfield gold-antimony (“Sb”) mine in eighty-nine holes (including wedges) drilled on Sub King Cobra, Cuffley Deeps, Cuffley South/M Lode and Brunswick lodes (Table 8 and Figure 8). In addition, the Company completed 2367.5 m of on-vein operating development and associated sampling of N Lode and Cuffley Lode.

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. (see March 30, 2016, Technical Report entitled “Costerfield Operation, Victoria, Australia NI 43-101 Report”;, available on SEDAR (www.sedar.com), which contains a complete description of drilling, sampling, and assaying procedures.)

Exploration Results (Tables 9 through 12 and Figures 8 through 13)

Brunswick Lode

Drilling was completed in order to extend and convert the existing Inferred Resource along Brunswick Lode to an Indicated Resource. Significant assays containing greater than 10.0 g/t gold equivalent (“AuEq”) over a minimum 1.8 m true mining width were obtained in seven holes (Table 9). Continuity of mineralization has been demonstrated down to the Penguin fault (Figure 9); conversion of Inferred to Indicated Resource above this fault is expected with the Resource and Reserve update to be completed and announced later in the first quarter of 2017. Furthermore, high-grade mineralization has been demonstrated to continue at least 50 m further down to the Kiwi fault and below. Further infill and extensional drilling is planned to extend the Mineral Resource downward to these levels.

Cuffley Deeps and Cuffley Deeps West

Infill drill holes in the Cuffley Deeps Lode and extending to the Cuffley Deeps West Lode generated four intercepts greater than 10 g/t AuEq over at least the minimum 1.8 m true mining width (Table 10; Figures 10 and 11). Mandalay expects to convert part of Cuffley Deeps to Indicated Resource at the coming Resource update and is encouraged by the emerging set of intercepts on Cuffley Deeps West.

Sub King Cobra

The Central Zone was found to be the most continuous of the mineralized vein sets in the Sub King Cobra domain. Drilling in the second half of 2016 targeted this Central Zone with the intent of increasing confidence in the continuity of grade and in developing the structural model. New drill intercepts suggest mineralization to extend over approximately 300 metres of strike length (Table 11).

The Central Zone is situated on the eastern limb of an anticlinal structure, and consists of four discrete mineralized veins over a 70-metre wide zone (Figure 12). The westernmost of these sub-vertical veins is referred to as the “Central Main” which, based on results to date contains higher grades.

M Lode

A stibnite-gold vein in between Cuffley and N Lode called 'M Lode' was intercepted in three holes. M Lode is subparallel to the two major Cuffley and N Lode ore bodies (Table 12 and Figure 13).

Cerro Bayo Exploration

Drilling, Sampling and Assaying

A total of 18,685 m of NX and HQ diamond drill core were produced from 52 holes in the Cerro Bayo district during the second half of the year, with three holes in progress at year's end. Infill drilling has continued in and around the Laguna Verde area, with target testing drilling in Laguna Verde, the Brillantes sector and the Cerro Bayo sector (Figure 14).

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 Compania 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 Mandalay Resources. Please see the Company's previously filed document, 'Technical report on the Cerro Bayo project, Region XI (Aysen) Chile', filed on SEDAR March 30, 2016, for a full description of the drilling, logging, assaying and estimation processes, including data verification procedures.

Exploration Results (Tables 13 through 16 and Figures 14 through 23)

Sector Laguna Verde

Delia SE, Coyita SE and Branca veins

During the second half of 2016, fifteen infill holes were completed on the Branca vein and one hole was in progress at year end. Most of these holes also intercepted the Coyita vein, as it was necessary to drill through the latter fissure in order to reach the Branca system (Figure 16). Assays of the Branca intercepts are shown in Table 14 and Figure 17; they define a mineralized shoot approximately 300 m long by 100 m high, with a gentle plunge towards the southeast. New Coyita intercepts obtained in the Branca drilling campaign are presented in Table 15 and Figure 18.

Delia SE vein

During the second half of 2016, nine holes were completed on the Delia SE vein for infill and ore control coverage (Table 16, Figure 19 and 20). Four of these holes contained high gold and silver assays where they intersected the vein, two did not intersect the vein, and three contained only low grades. Figure 20 also displays the results of development samples taken at successively deeper levels in the vein. These show increasing amounts of internal waste in the vein with increasing depth, a factor which is expected to result in a negative impact on Delia SE Mineral Reserves at the coming update.

Laguna Verde Norte

Follow-up drilling in the Laguna Norte area on the northeast corner of the lake (Figures 15 and 21) failed to substantiate the presence of well-mineralized veins suggested by a previous round of drilling.

Sector Brillantes

In the second half of the year twelve drill holes were completed in the Brillantes sector, with one drill hole in

progress at year's end (Figure 22). Robust fissure systems up to a few kilometres long and a few metres wide crop out in this zone. No significant gold or silver assays were obtained in the drill holes.

Cerro Bayo Sector

In the Cerro Bayo sector, the Nina vein was the only target tested during the second half of 2016. The Nina vein is located 600 metres west of the Marcela system and was probed with two drill holes during August and September (Figure 23). No significant gold or silver assays were obtained.

Challacollo Exploration

Permission was received in January 2017 to drill prospective water holes on two high-potential concessions at the bottom of the groundwater basin approximately 30 kilometres to the southwest of Challacollo (Figure 25). If this drilling is successful in encountering sufficient water, an application will be lodged for transferring the catchment point of our existing water rights to this new source.

Drilling, Sampling and Assaying

In 2016, Mandalay drilled approximately 3,535 m of HQ core at Challacollo in thirteen drill holes (see Figures 24, 25, 26 and Table 17). These holes were designed to test geophysical ('self-potential') anomalies detected and reported earlier in 2016, the deep extension of the main Lolon fissure, and several new targets on the Lolon and other veins generated by ongoing detailed mapping, trenching and surface sampling.

All drill holes were surveyed by standard techniques with downhole instruments and logged by Mandalay geologists. Sample preparation was undertaken by ALS at their facilities in Antofagasta, with analysis performed by ALS labs in Lima, Peru. This analytic program was performed with industry-standard QA/QC protocols including checks, blanks, and duplicate samples.

Exploration Results (Table 17 and Figures 24 through 29)

No significant grade intercepts were obtained in holes testing prominent self-potential anomalies under cover north or south of the outcrops in the Challacollo range. Sources of the anomalies proved to be pyritic black shales in DCN-01 at the north end of the range and pyritic rhyolites with minor base metal veinlets in DCS-04 and DCS-05 south of the range (Figure 26).

Drill holes DPA 1,2,3, and 4 demonstrated that The Palermo Norte vein is a robust structure with continuity at depth and strongly mineralized with lead and zinc (Figures 26 and 27; Table 17). Silver and gold values in the drill holes, however, failed to reach the high levels seen in several surface trenches (Figure 27).

The deep intercept over 100 m below the deepest high-grade intercept in a previous metallurgical hole on the main Lolon central vein (DCH-40 in Figure 26 and Table 17) demonstrated a robust vein structure 2.3 m in true width but with low gold and silver values. Test holes on the Lolon Norte, Gladys IV, and Lolon Sur / San Francisco veins also returned disappointing assay results, and/or mediocre vein widths at depth (Figure 26 and Table 17).

Additional detailed mapping and trenching to reveal vein subcrops beneath the colluvium indicates that the Palermo Norte vein extends a few hundred metres further north than previously mapped. In the northern area, the vein is hosted by calcareous marine sedimentary rocks and is associated with a solution-collapse breccia zone that extends a few hundred metres away from the vein to the west. This breccia zone is parallel to bedding, strongly silicified, and ranges up to 2.5 m thick. It is erratically mineralized with galena and copper oxides; surface samples assay up to 50 ppm silver. This feature is currently being evaluated as a possible setting for manto-style replacement sulfide mineralization that could be associated with the Palermo Norte vein system (Figure 28).

New vein splays recognized through structural reinterpretation on the main Lolon vein and drilling gaps on the Lolon Sur extension suggest that additional silver-gold resources could possibly be defined by additional

drilling in some areas adjacent to the presently delineated grade blocks. These possibilities include small, high-grade splay veins in the western wall of Lolon Central; mineralized zones lying in gaps of drilling coverage due to poor vein correlation along Lolon Sur and/or along a new vein in the south area, detected beneath colluvium east of the Lolon trend (Figure 29).

Tables to Accompany Press Release

Table 1: Björkdal exploration drilling summary for the second half of 2016

Category	Metres	Number of Holes	Drilling Area	Metres	Number of Holes
Resource Infill	8,006	68	Underground Lake Zone	1,799	13
Target Extension	12,042	68	Underground Main and Central Zone	6,981	28
New Target Test	4,470	15	Underground Lake Zone North	1,390	3
	24,518	151	Nylunds (RC)	4,109	35
			Open Pit (RC)	5,061	40
			Rönnberget	2,098	20
			Storheden	2,153	3
			Morbacken	928	9
				24,518	151

Table 2: Significant new infill and extensional intercepts in Main, Central, and Lake Zones.

Hole ID	Hole Completion Date	Total Hole Depth (m)	Intercept Easting (Mine Grid)	Intercept Northing (Mine Grid)	Intercept Elevation (Mine Grid)	Drilled Width (m)	Intercept Angle (˚)	True Width (m)	Au Grade (g/t)
MU6-032	17/06/2016	182.79	1292.009	1705.25	-446.188	5.25	51	4.04	4.45
MU6-032			1291.14	1717.123	-452.917	9.4	N/A	-	1.07
MU6-035	10/08/2016	131.5	1248.709	1681.543	-416.678	2.5	55	2.01	4.18
MU6-035			1245.856	1712.651	-423.729	0.55	58	0.43	27.20
MU6-036	30/07/2016	170.6	1244.92	1670.329	-442.76	1.85	44	1.24	4.48
MU6-036			1239.779	1711.004	-470.181	0.9	45	0.59	18.10
MU6-037	7/08/2016	145.85	1250.77	1626.65	-407.806	1	N/A	-	3.98
MU6-037			1237.453	1699.038	-436.226	1	32	0.47	64.90
MU6-038	14/07/2016	125	1252.875	1613.614	-400.893	4.1	59	3.48	2.31
MU6-038			1238.491	1676.307	-409.861	4.5	50	3.41	2.78
MU6-040	18/07/2016	305.5	1969.717	1101.987	-347.489	2.2	21	0.73	31.60
MU6-040			2016.049	1090.313	-382.1	3.5	45	2.43	9.75
MU6-040			2049.497	1081.01	-406.958	0.9	46	0.6	6.73
MU6-040			2113.811	1061.775	-454.133	1.6	33	0.82	6.32
MU6-043	24/07/2016	146.38	1211.241	1696.457	-430.548	0.2	N/A	-	73.70
MU6-043			1195.262	1730.474	-441.866	0.7	62	0.59	5.09
MU6-044	26/08/2016	122.32	1208.196	1676.339	-406.895	1.05	66	0.93	5.15
MU6-045	15/08/2016	176.65	1211.125	1626.777	-413.112	0.3	62	0.24	39.20
MU6-045			1205.835	1645.707	-427.014	9.15	39	5.71	10.48
MU6-045			1191.86	1700.318	-467.191	0.3	44	0.16	17.60
MU6-045			1188.926	1712.672	-476.34	1.5	39	0.89	3.20
MU6-046	19/08/2016	119.5	1199.418	1661.971	-408.105	0.25	N/A	-	19.85
MU6-046			1194.953	1676.092	-409.185	0.45	65	0.38	171.00
MU6-049	30/08/2016	179.46	1256.5	1634.084	-417.89	1.1	N/A	-	7.36
MU6-049			1256.793	1674.141	-447.896	1	49	0.71	13.70
MU6-049			1257.658	1716.658	-479.778	3.9	44	2.66	6.73
MU6-049			1258.702	1750.069	-504.957	0.3	N/A	-	11.90

MU6-050 7/08/2016	308.65	1963.131	1042.914	-339.4	0.4	59	0.31	13.60
MU6-050		1988.025	1021.459	-352.89	0.45	67	0.39	10.80
MU6-050		2015.997	996.53	-368.394	1.15	21	0.35	21.46
MU6-050		2025.753	987.616	-373.792	3.2	52	2.48	2.94
MU6-050		2037.018	977.232	-379.985	1.35	29	0.60	6.41
MU6-051 27/07/2016	284.16	1935.983	1065.865	-325.969	0.55	N/A	-	12.20
MU6-051		1944.811	1061.688	-333.112	0.45	52	0.32	11.90
MU6-051		1958.315	1055.149	-344.105	0.25	67	0.21	24.10
MU6-051		1996.436	1035.941	-375.433	4.05	59	3.44	32.13
MU6-051		2046.87	1009.234	-417.63	0.8	67	0.71	4.44
MU6-052 20/08/2016	280.65	1895.402	1188.348	-355.259	0.3	N/A	-	27.90
MU6-052		1992.057	1103.501	-403.698	1.4	65	1.24	27.69
MU6-052		2023.235	1074.152	-420.37	8.3	77	8.07	9.91
MU6-053 27/08/2016	249.2	2085.841	947.86	-355.044	0.7	46	0.46	11.90
MU6-053		2106.891	1054.596	-421.428	5.4	41	3.49	30.47
MU6-054 2/09/2016	141.1	2090.181	1030.514	-395.665	8.85	64	7.93	13.89
MU6-055 10/09/2016	240.28	2081.124	989.042	-375.19	0.4	N/A	-	6.75
MU6-055		2080.783	1002.472	-382.192	1.3	51	0.97	5.16
MU6-055		2080.023	1092.234	-428.414	3.95	58	3.32	1.97
MU6-055		2080.156	1114.436	-439.179	14.2	68	13.14	2.19
MU6-055		2080.562	1142.169	-452.57	0.6	52	0.43	17.60
MU6-057 13/09/2016	239.97	1908.699	1137.512	-346.313	1.8	45	1.23	2.89
MU6-057		1907.428	1150.959	-354.268	0.95	75	0.9	6.76
MU6-057		1905.114	1175.688	-368.748	1.25	58	1.03	4.96
MU6-058 22/09/2016	296.47	1908.038	1222.968	-443.812	3.55	29	1.67	1.75
MU6-058		1908.016	1260.578	-480.692	0.5	28	0.18	15.90
MU6-059 30/09/2016	269.86	1914.98	1145.42	-356.884	13.65	44	9.44	13.37
MU6-060 13/10/2016	359.2	1785.034	1365.303	-393.462	3.25	29	1.52	3.87
MU6-060		1818.865	1352.092	-401.736	6.95	45	4.87	1.81
MU6-060		1920.619	1311.122	-426.934	0.55	75	0.51	10.35
MU6-060		1979.407	1287.046	-441.04	0.7	82	0.68	24.90
MU6-061 24/10/2016	369.97	1745.97	1381.478	-385.351	0.4	46	0.24	36.80
MU6-061		1798.592	1365.402	-403.293	0.55	33	0.25	26.20
MU6-061		2038.35	1276.397	-485.245	2	N/A	-	4.69
MU6-063 5/11/2016	368.85	1780.922	1459.615	-426.687	2.85	32	1.46	2.24
MU6-064 2/12/2016	371.3	1740.222	1319.208	-374.816	0.4	23	0.10	38.50
MU6-064		1747.717	1337.539	-385.807	0.3	69	0.26	35.90
MU6-064		1779.785	1413.416	-430.877	0.4	53	0.28	12.40
MU6-069 29/11/2016	311.8	1713.671	1381.059	-382.41	2	82	1.97	1.95
MU6-069		1715.366	1423.847	-399.886	0.6	44	0.37	7.60
MU6-069		1716.077	1441.794	-407.217	1.3	31	0.62	4.93
MU6-069		1716.933	1463.42	-416.049	1.05	67	0.94	9.75

Note—Raw, undiluted assay intervals are reported that occur within diluted intervals that contain greater than 0.9 g/t over a minimum mining width of 3 m.

Table 3: Significant new target-test intercepts in Lake Zone North.

Hole ID	Hole Completion Date	Total Hole Depth (m)	Intercept Easting (Mine Grid)	Intercept Northing (Mine Grid)	Intercept Elevation (Mine Grid)	Drilled Width (m)	Intercept Angle (˚)	True Width (m)	Au Grade (g/t)
MU6-020E	3/10/2016	634.3	1029.016	1732.355	-487.871	0.35	56	0.25	0.89

MU6-020E			1028.119	1739.551	-492.061	0.7	19	0.17	1.04
MU6-020E			1027.707	1742.921	-494.03	0.25	60	0.18	1.08
MU6-020E			1026.649	1751.751	-499.177	0.3	86	0.29	0.62
MU6-020E			1026.054	1756.804	-502.115	0.25	76	0.23	1.97
MU6-020E			1025.659	1760.157	-504.066	0.35	65	0.29	1.09
MU6-020E			1024.641	1768.799	-509.095	0.25	80	0.24	0.79
MU6-020E			1011.921	1916.084	-592.213	1.1	N/A	-	0.59
MU6-020E			1008.611	2030.361	-652.473	1	N/A	-	0.52
MU6-020E			1008.615	2033.024	-653.854	0.4	58	0.31	1.65
MU6-020E			1008.644	2038.638	-656.767	0.55	54	0.41	0.53
MU6-037E	27/10/2016	572	1227.083	1757.963	-458.879	0.25	32	0.08	5.72
MU6-037E			1225.445	1767.784	-462.588	0.3	35	0.12	1.06
MU6-037E			1223.78	1778.084	-466.448	0.25	40	0.11	8.49
MU6-037E			1223.418	1780.378	-467.304	1	54	0.77	24.73
MU6-037E			1223.109	1782.348	-468.038	0.25	40	0.11	0.53
MU6-037E			1222.262	1787.868	-470.091	0.25	54	0.16	0.74
MU6-037E			1220.425	1800.679	-474.807	0.3	41	0.15	3.77
MU6-037E			1220.34	1801.308	-475.037	0.25	64	0.20	21.20
MU6-037E			1220.082	1803.22	-475.732	0.25	46	0.14	2.35
MU6-037E			1219.152	1810.195	-478.254	0.3	34	0.12	1.72
MU6-037E			1219.054	1810.941	-478.523	0.8	32	0.37	4.88
MU6-037E			1218.575	1814.606	-479.845	0.35	42	0.19	3.58
MU6-037E			1218.144	1817.922	-481.036	0.65	36	0.33	1.60
MU6-037E			1217.045	1826.496	-484.113	0.3	49	0.18	0.66
MU6-037E			1215.66	1837.63	-488.079	0.4	37	0.19	5.03
MU6-037E			1214.743	1845.334	-490.808	0.25	43	0.12	6.89
MU6-037E			1214.314	1849.06	-492.126	0.3	38	0.13	1.76
MU6-037E			1213.639	1855.085	-494.254	0.35	37	0.16	0.97
MU6-037E			1209.83	1894.856	-508.142	0.45	67	0.39	2.35
MU6-037E			1203.947	1994.421	-540.417	0.25	68	0.21	1.39
MU6-037E			1203.71	2002.479	-542.866	0.4	49	0.26	4.40
MU6-037E			1203.307	2019.369	-547.974	0.3	58	0.22	1.35
MU6-037E			1202.984	2044.316	-555.289	0.3	65	0.25	4.37
MU6-037E			1203.751	2125.957	-578.185	0.7	58	0.56	0.88
MU6-037E			1204.284	2138.744	-581.613	0.8	57	0.64	6.67
MU6-037E			1204.349	2140.095	-581.973	0.3	65	0.25	33.3
MU6-037E			1204.464	2142.437	-582.595	0.25	65	0.20	11.4

Note—All raw, undiluted assays over 0.50 g/t Au are reported in these holes.

Table 4: Significant new RC drilling intercepts from the Björkdal East Pit and the Nylunds deposit.

Hole ID	Hole Completion Date	Hole Depth (m)	Intercept Easting (Mine Grid)	Intercept Northing (Mine Grid)	Intercept Elevation (Mine Grid)	Drilled Au Width (m)	Drilled Au Grade (g/t)
MR6-004	29/10/2016	173	141.777	2480.464	-174.048	2	1.50
MR6-004			155.659	2483.063	-196.47	1	1.56
MR6-005B	27/10/2016	174	191.274	2436.583	-99.832	1	2.09
MR6-005B			188.653	2438.099	-103.811	1	0.91
MR6-005B			121.156	2480.428	-221.867	6	2.17
MR6-007	25/10/2016	174	155.757	2311.353	-149.186	1	2.65
MR6-007			151.754	2313.799	-153.685	2	3.48

MR6-011	11/10/2016	144	148.995	2208.646	-163.066	1	1.58
MR6-012	7/10/2016	102	31.866	2264.571	-113.3	1	1.15
MR6-013	11/10/2016	162	36.177	2338.429	-137.228	1	0.72
MR6-013			48.918	2336.751	-149.107	2	0.83
MR6-013			99.831	2329.942	-195.175	2	0.59
MR6-016	16/11/2016	138	-70.26	2394.869	-126.044	3	1.21
MR6-016			-74.448	2397.343	-131.078	1	1.14
MR6-016			-79.2	2400.138	-136.875	1	0.88
MR6-016			-114.972	2420.882	-183.059	1	0.95
MR6-019	23/11/2016	180	-96.414	2504.308	-130.317	1	0.72
MR6-019			-114.878	2512.427	-149.009	2	0.85
MR6-019			-147.761	2526.719	-180.161	1	0.82
MR6-019			-165.395	2534.436	-196.112	1	4.29
MR6-023	24/10/2016	150	56.597	2631.464	-109.513	2	6.28
MR6-024	15/10/2016	72	-233.025	2719.158	-90.559	1	2.28
MR6-027	19/10/2016	180	-183.147	2634.352	-105.623	2	0.41
MR6-027			-180.813	2632.754	-109.123	3	4.17
MR6-027			-140.368	2605.764	-169.471	2	0.54
MR6-027			-137.477	2603.854	-173.743	3	0.50
MR6-031	23/10/2016	168	-99.878	2728.166	-116.794	1	1.55
MR6-057	13/09/2016	174	486.101	1751.619	-90.991	1	1.00
MR6-057			481.156	1750.219	-95.743	1	11.30
MR6-057			476.54	1749.065	-100.172	4	27.00
MR6-057			471.558	1747.944	-104.959	2	2.87
MR6-058	15/09/2016	180	469.329	1793.949	-115.661	1	0.73
MR6-059	17/09/2016	180	485.736	1787.463	-102.273	3	0.91
MR6-059			490.358	1782.153	-109.375	1	2.61
MR6-059			550.648	1718.083	-198.136	1	0.73
MR6-059			552.317	1716.254	-200.609	2	0.87
MR6-060	20/09/2016	180	480.898	1807.931	-110.637	1	1.16
MR6-060			517.153	1788.616	-157.713	2	6.31
MR6-063	28/09/2016	174	411.786	1871.237	-111.414	3	2.72
MR6-064	30/09/2016	168	414.388	1906.895	-97.841	1	1.14
MR6-064			441.273	1870.934	-142	1	1.03
MR6-065	3/10/2016	168	390.935	1922.651	-96.549	2	1.10
MR6-066	5/10/2016	63	342.894	1943.858	-97.213	2	0.72
MR6-066			347.842	1938.626	-104.854	1	12.70
MR6-066			352.083	1934.141	-111.404	1	2.84
MR6-066			354.91	1931.152	-115.771	1	1.44
MR6-066B	5/12/2016	150	400.417	1881.486	-145.61	1	2.90
MR6-067	7/12/2016	168	298.228	1924.581	-129.403	3	1.51
MR6-072		162	273.12	2285.791	-147.353	1	0.86
MR6-072			301.821	2253.283	-186.61	2	0.68
MR6-074		126	284.277	2345.08	-107.918	1	2.30
MR6-075	1/12/2016	186	323.089	2271.373	-122.406	1	4.37
MR6-075			322.687	2287.302	-138.993	1	3.25
MR6-075			321.227	2312.255	-165.587	2	1.47
MR6-076	28/11/2016	186	257.779	2330.052	-194.482	1	1.97
MR6-079	4/12/2016	186	214.751	2250.272	-165.503	1	13.60
MR6-079			160.825	2275.643	-215.044	2	2.95

Note—Reported in this table are all raw, undiluted assay values that are contained in interval bearing

at least 0.35 g/t gold over a diluted minimum mining width of 2 m.

Table 5: Significant new infill and extensional core-drilling intercepts from the Rönnerget area. Historic drilling not shown.

Hole ID	Hole Completion Date	Total Hole Depth (m)	Intercept Easting (SweRef99)	Intercept Northing (SweRef99)	Intercept Elevation (SweRef99)	Drilled Width (m)	Intercept Angle (°)	True Width (m)	Au Grade (g/t)
ME6-006	16/07/2016	100.4	769284.712	7211746.238	66.379	1.5	70	1.39	3.73
ME6-007	13/07/2016	106.6	769288.955	7211767.640	45.673	1.75	78	1.62	0.59
ME6-008	20/06/2016	119.8	769262.203	7211829.606	33.842	6.85	75	6.6	1.58
ME6-009	28/06/2016	125	769237.715	7211846.664	31.698	4.1	75	3.94	0.81
ME6-009			769236.831	7211845.297	28.292	0.85	73	0.79	0.58
ME6-010	2/07/2016	100	769215.169	7211836.518	68.471	1	80	0.97	0.67
ME6-011	5/07/2016	101	769174.300	7211820.742	62.792	1.2	66	1.07	1.50
ME6-011			769168.762	7211814.747	51.633	1.15	78	1.11	1.19
ME6-012	5/07/2016	101	769150.519	7211829.341	66.102	0.75	69	0.68	1.54
ME6-014	11/07/2016	73.3	769271.599	7211712.022	90.879	0.8	41	0.48	1.23
ME6-015	8/07/2016	56.3	769145.742	7211711.408	98.245	8.3	70	7.78	65.55
ME6-016	7/07/2016	55	769184.953	7211712.707	99.220	2.1	80	2.05	6.34
ME6-017	23/07/2016	91.7	769120.127	7211852.640	73.513	1.7	65	1.51	7.17
ME6-018	21/07/2016	80.4	769089.132	7211844.244	72.623	2.05	66	1.85	2.36
ME6-019	20/07/2016	95.4	769078.392	7211865.202	77.446	4.05	80	3.98	0.70
ME6-020	30/07/2016	251.4	769239.359	7211973.599	-20.068	1	80	0.97	1.36
ME6-021	3/08/2016	75.8	769052.764	7211840.692	86.749	4.75	75	4.51	0.98
ME6-022	1/08/2016	63	769041.876	7211812.110	83.370	2.55	79	2.49	3.26
ME6-022			769041.135	7211810.089	78.173	1	87	0.99	1.65
ME6-024	1/08/2016	80	769207.444	7211764.781	66.212	5.85	80	5.75	0.71
ME6-025	12/08/2016	75.9	769120.126	7211717.247	102.983	3.3	60	2.83	3.34
ME6-026	14/08/2016	68.5	769169.702	7211731.251	90.727	0.8	65	0.7	6.05
ME6-026			769171.438	7211728.297	86.816	4	60	3.42	1.44
ME6-026			769173.593	7211724.593	81.928	1	56	0.79	1.78
ME6-027	18/08/2016	160.6	769212.703	7211861.187	35.665	4.05	55	3.28	2.61
ME6-027			769215.298	7211858.114	30.687	0.85	45	0.56	0.71

Note—Table includes all raw, undiluted assays greater than 0.35 g/t

Table 6: Significant new core-drilling intercepts from the Storheden area.

Hole ID	Hole Completion Date	Total Hole Depth (m)	Intercept Easting (Mine Grid)	Intercept Northing (Mine Grid)	Intercept Elevation (Mine Grid)	Drilled Width (m)	Intercept Angle (°)	True Width (m)	Au Grade (g/t)
ME6-028	29/08/2016	321.85	2788.432	1062.253	-118.085	0.65	45	0.41	7.34
ME6-028			2758.42	1073.486	-166.127	0.65	30	0.27	0.59
ME6-028			2754.409	1074.915	-172.573	1.1	54	0.77	0.97
ME6-028			2746.922	1077.546	-184.619	1.55	32	0.77	3.20
ME6-029	29/09/2016	851.4	2256.956	1287.668	-449.011	1	50	0.73	1.91
ME6-029			2283.662	1235.973	-537.397	2.85	53	2.23	9.84
ME6-029			2300.894	1201.7	-593.299	0.35	36	0.15	2.72
ME6-029			2344.11	1107.371	-741.316	0.6	24	0.19	91.1
ME6-030	27/10/2016	872.5	1994.15	1553.447	-605.656	2.7	20	0.86	1.36
ME6-030			1979.092	1559.034	-623.321	1.05	48	0.74	0.95

ME6-030 1969.049 1562.798 -635.093 1.5 12 0.25 2.38

Note—Table reports undiluted assays greater than 0.35 g/t

Table 7: Significant new core drilling intercepts from the Morbacken prospect.

Hole ID	Hole Completion Date	Total Hole Depth (m)	Intercept Easting (SweRef)	Intercept Northing (SweRef)	Intercept Elevation (SweRef)	Drilled Width (m)	Intercept Angle (°)	True Width (m)	Au Grade (g/t)
ME6-031	1/11/2016	89.9	766631.634	7211797.442	108.448	0.6	43	0.36	5.82
ME6-034	9/11/2016	115.8	766651.207	7211817.177	67.208	1.95	30	0.92	1.57

Note—Table reports individual raw assays greater than 0.35 g/t

Table 8: Costerfield exploration drilling summary for the second half of 2016.

CATEGORY	Metres	Number of Holes	ZONE	Metres	Number of Holes
Infill	11,862	69	Sub King Cobra	2,924	11
Extension	2,361	9	Brunswick	5,628	35
New Target Testing	2,924	11	Cuffley Deeps	7,112	39
	17,147	89	Cuffley South/M Lode	1,484	4
				17,147	89

Table 9: Significant new drill intercepts on Brunswick lode.

Hole ID	Intercept Easting (Mine Grid, m)	Intercept Northing (Mine Grid, m)	Elevation (m)	True Width (m)	Au Grade (g/t)	Sb Grade (%)	AuEq (g/t) over 1.8m or TW if greater	Total Hole Depth (m)
BD244W4	14763	5692	1011	0.98	6.5	1.4	4.8	254.7
BD245	14742	5589	1100	0.63	0.8	0.6	0.7	155.9
BD246	14738	5590	1044	0.36	1.1	0.3	0.3	231
BD247	14728	5569	1045	0.54	0.2	0.1	0.1	200.9
BD247W1	14728	5569	1046	0.58	0.1	0.1	0.1	182.55
BD248	14726	5552	997	0.76	0.3	0.1	0.2	256.5
BD249	14792	5764	1102	2.51	13.3	0.1	13.6	170.2
BD250	14796	5779	1078	2.88	2.5	0.1	2.7	194
BD251	14803	5794	1048	1.64	4.3	6.4	13.7	210
BD252	14774	5714	1067	1.57	2.3	0.2	2.3	189.9
BD253	14781	5739	1052	0.79	3.6	1.4	2.6	210.1
BD254	14775	5716	1041	0.40	17.0	29.3	14.8	210
BD255	14788	5760	1039	1.36	8.3	8.7	17.5	220.7
BD256	14786	5767	1012	0.29	4.0	2.4	1.3	241
BD259A	14822	5912	1042	0.19	2.2	1.0	0.4	270.2
BD260	14828	5920	1064	0.16	3.4	0.0	0.3	190
BD261A	14844	5961	1083	0.09	1.2	0.0	0.1	160.2
BD262	14761	5672	1044	0.79	2.5	1.7	2.3	210
BD263	14752	5661	1003	0.77	0.7	0.1	0.3	240
BD257	14804	5846	1024	1.13	8.4	2.9	8.3	280
BD264W1	14765	5736	995	0.48	15.6	4.3	6.1	260
BD265	14792	5835	969	0.66	19.5	5.5	10.6	476.2
BD265	14760	5833	938	10.35*	19.5	7.2		476.2
BD267	14776	5735	980	2.77	9.7	4.8	17.8	500.4

* Down hole length not true width

Note:

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

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

Table 10: Significant new drill intercepts on Cuffley Deeps and Cuffley Deeps West.

Hole ID	Intercept Easting (Mine Grid, m)	Intercept Northing (Mine Grid, m)	Elevation (m)	True Width (m)	Au Grade (g/t)	Sb Grade (%)	AuEq (g/t) over 1.8m or TW if greater	Total Hole Depth (m)	Target
AD134	15175	5027	755	0.16	103.7	34.5	14.6	270.1	Cuffley Deeps
AD140	15176	5042	727	0.36	4.1	1.4	1.3	255.9	Cuffley Deeps
AD141AW1	15175	5067	765	0.08	0.8	0.5	0.1	200.6	Cuffley Deeps
AD142	15174	4992	755	0.67	1.0	0.1	0.4	236.4	Cuffley Deeps
AD143	15176	5015	775	0.06	2.9	4.7	0.4	224.6	Cuffley Deeps
AD144	15171	5108	736	0.22	0.3	0.0	0.0	269.8	Cuffley Deeps
AD146	15178	5138	729	1.34	0.2	0.0	0.2	300.6	Cuffley Deeps
AD147	15181	5053	794	0.10	11.9	3.2	0.9	191.6	Cuffley Deeps
AD148	15173	5102	774	0.16	12.1	5.9	1.9	248	Cuffley Deeps
AD149A	15179	4992	697	0.99	31.1	6.7	23.4	336.2	Cuffley Deeps
AD150	15178	5161	751	0.43	0.0	0.0	0.0	315.3	Cuffley Deeps
AD151	15173	5072	717	0.24	9.8	5.5	2.6	250	Cuffley Deeps
AD152	15174	5131	804	0.19	34.6	11.5	5.7	225.1	Cuffley Deeps
AD153A	15178	5049	703	0.18	1.6	7.1	1.3	326.4	Cuffley Deeps
AD155	15175	5168	790	0.33	0.7	0.0	0.1	288	Cuffley Deeps
AD165	15175	5123	773	1.53	11.7	7.2	20.2	320	Cuffley Deeps
AD165W1	15173	5124	775	0.27	1.9	2.7	1.0	218.7	Cuffley Deeps
AD140	15168	5042	716	0.45	1.7	0.6	0.7	255.9	CD West
AD144	15161	5114	722	0.06	34.9	0.0	1.1	269.8	CD West
AD146	15157	5153	698	1.11	11.1	3.8	10.9	300.6	CD West
AD148	15154	5113	752	0.31	0.1	0.0	0.0	248	CD West
AD149A	15171	4990	684	0.06	62.0	7.2	2.3	336.2	CD West
AD150	15146	5192	703	0.36	0.2	0.1	0.1	315.3	CD West
AD151	15169	5073	711	0.07	0.7	1.2	0.1	250	CD West
AD155	15156	5189	769	0.06	1.3	1.1	0.1	288	CD West

Note:

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

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

Table 11: Significant new drill intercepts on Sub King Cobra.

Hole ID	Intercept Easting (Mine Grid, m)	Intercept Northing (Mine Grid, m)	Elevation (m)	True Width (m)	Au Grade (g/t)	Sb Grade (%)	AuEq (g/t) over 1.8m or TW if greater	Total Hole Depth (m)	Target
CSK020	15295	5125	577	0.07	15.2	0.0	0.6	454.6	Central LQ
CSK021	15091	4774	482	0.38	7.2	0.0	1.5	597.3	Central Main
CSK021	15119	4779	511	0.53	0.6	0.1	0.2	597.3	Central LQ
CSK022	15091	4834	507	0.19	5.3	2.5	1.0	603.1	Central Main

CSK022	15152	4832	539	0.05	6.7	0.4	0.2	603.1	Central LQ
CSK022	15141	4830	555	0.18	4.8	1.8	0.8	603.1	Central East
CSK023	15102	4846	484	2.00	7.1	0.5	8.0	547.7	Central Main
CSK023	15105	4845	487	0.24	2.6	1.6	0.7	547.7	Central Main
CSK023	15138	4843	523	0.09	4.7	4.6	0.7	547.7	Central East
CSK024	15111	4901	541	0.71	0.5	2.1	1.6	588	Central Main
CSK024	15106	4902	536	0.64	9.9	0.5	3.8	588	Central Main
CSK024	15097	4906	526	1.81	0.4	1.9	3.6	588	Central Main
CSK025	15101	4915	486	0.14	7.8	11.6	2.1	501.3	Central Main
CSK025	15125	4905	518	0.21	0.6	10.5	2.1	501.3	Central East
CSK026A	15133	4989	553	0.03	37.7	33.7	1.6	445.7	Central east
CSK026A	15127	4993	547	0.14	25.7	13.0	3.6	445.7	Central Main
CSK026A	15117	4999	537	0.12	5.9	0.0	0.4	445.7	Unnamed
CSK026A	15114	5001	535	0.18	20.9	0.0	2.1	445.7	Unnamed
CSK026A	15124	4994	545	0.84	1.9	2.4	2.7	445.7	Central Main
CSK027	15129	4905	516	0.23	4.4	8.2	2.3	500.4	Central Main
CSK027	15140	4945	535	0.10	0.5	6.5	0.6	500.4	Central East
CSK027	15118	4957	510	0.17	0.2	9.8	1.5	500.4	Unnamed
CSK027	15081	4976	469	0.22	7.3	0.1	0.9	500.4	Unnamed

Note:

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

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

Table 12: Significant new drill intercepts on M Lode.

Hole ID	Intercept Easting (Mine Grid, m)	Intercept Northing (Mine Grid, m)	Elevation (m)	True Width (m)	Gold Grade (g/t)	Sb Grade (%)	AuEq (g/t) Total over 1.8m Hole or TW if Depth greater (m)	Target
AD156A	15160	4609	770	0.14	18.4	1.7	1.6	351.4 M Lode
AD161	15193	4560	753	0.68	33.9	0.9	13.4	414.4 M Lode
AD158	15196	4552	799	0.10	150.6	50.1	13.1	437.5 M Lode

Note:

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

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

Table 13: Cerro Bayo exploration drilling summary for the second half of 2016.

CATEGORY	Metres	Number of Holes	SECTOR	Metres	Number of Holes
Infill	10,930.10	30	Laguna Verde	11,385.45	41
Extension	0	0	Cerro Bayo	684.45	2
New Target Testing	6,991.40	19	Brillantes	3,859.05	11
Ore Control	308.15	3		18,685.00	55
Services	166.15	1			
Aborted	289.20	2			
	18,685.00	55			

Table 14: Summary of mineralized intercepts on the Branca vein.

Hole ID	Hole Completion Date	Intercept Easting (UTM 19S)	Intercept Northing (UTM 19S)	Elevation (m)	True Width (m)	Au Grade (g/t)	Ag Grade (g/t)	Total hole depth (m)
DLV16-026	05-07-2016	272130.86	4840704.28	95.79	0.81	0.48	708	377.9
DLV16-027	13-07-2016	272068.358	4840707.99	-31.336	0.44	2.74	107	488.85
DLV16-028	02-08-2017	272118.97	4840690.31	13.02	1.64	5.06	272	410.65
DLV16-035	10-08-2016	272205.17	4840651.65	61.53	0.15	0.43	14	332.5
DLV16-036	11-08-2016	272058.8	4840704.66	-40.67	3.07	1.71	35	478.95
DLV16-037	06-09-2016	272193.88	4840652.45	-28.19	0.11	0.86	15	383.2
DLV16-038	27-08-2016	270023.49	4840724.6	0.53	0.8	0.7	51	473.8
DLV16-040	05-09-2016	272097.98	4840716.96	68.15	1.03	0.89	238	389.25
DLV16-042	16-09-2016	272117.98	4840715.17	108.84	0.31	0.5	117	366
DLV16-044	24-09-2016	272064.39	4840743.4	82.55	0.85	1.94	403	404.85
DLV16-048	13-10-2016	272040	4840727.7	28.24	0.45	24.14	2676	452.75
DLV16-053	28-10-2016	272171.49	4840657.9	38.79	1.03	1.56	283	414
DLV16-057	15-11-2016	272132.29	4840674.7	-23.62	0.8	0.43	7	460.9
DLV16-060	29-11-2016	272112.82	4840682.17	-17.7	2.5	0.36	13	434
DLV16-061	12-12-2016	272226.8	4840651.43	-29.68	0.18	0.05	4	383.8

Table 15: Mineralized intercepts on the Coyita vein, July &ndash; December 2016.

Hole ID	Hole Completion Date	Intercept Easting (UTM 19S)	Intercept Northing (UTM 19S)	Elevation (m)	True Width (m)	Au Grade (g/t)	Ag Grade (g/t)	Total hole depth (m)
DLV16-023	26-06-2016	272248.06	4840674.06	83.63	0.64	0.41	98	368.55
DLV16-024	29-06-2016	272180.42	4840770.94	134.1	3.1	2.03	393	458.85
DLV16-025	29-07-2016	272258.16	4840685.47	83.48	0.52	0.05	5	416.65
DLV16-026	05-07-2016	272186.94	4840733.07	135.47	1.54	1.28	64	377.90
DLV16-027	13-07-2016	272202.09	4840762.2	101.42	3.98	8.87	282	488.85
DLV16-029	24-07-2016	272228.9	4840751.13	67.24	1.46	12.84	1321	485.90
DLV16-033	02-08-2016	272208.94	4840737.49	102.67	0.58	3.26	292	410.65
LV16-035	10-08-2016	272233.2	4840667.63	101.46	0.48	0.2	67	332.50
DLV16-036	11-08-2016	272205.16	4840757.26	100.91	0.77	13.45	1450	478.95
DLV16-037	06-09-2016	272249.45	4840678.51	74.04	0.23	0.05	6	383.20
DLV16-038	27-08-2016	272178.32	4840765.3	112.16	0.6	50.93	1901	473.80
DLV16-040	05-09-2016	272189.72	4840747.96	129.14	3.12	4.87	653	389.25
DLV16-042	16-09-2016	272182.55	4840740.85	146.1	1.57	4.76	339	366.00
DLV16-044	24-09-2016	272177.9	4840767.2	144.01	1.11	1.53	340	404.85
DLV16-047	05-10-2016	272191.88	4840761.21	111.86	1.12	19.64	718	479.90
DLV16-048	13-10-2016	272184.39	4840764.2	126.02	2.47	9.37	457	452.75
DLV16-051	20-10-2016	272217.2	4840719.48	97.29	0.35	2.43	129	407.95
DLV16-053	28-10-2016	272227.02	4840700.19	97.72	0.46	1.23	281	414.00
DLV16-056	18-11-2016	272290.82	4840666.47	40.29	1.51	1.02	447	378.40
DLV16-057	15-11-2016	272224.82	4840727.02	78.91	1.16	2.54	470	460.90
DLV16-060	29-11-2016	272216.18	4840736.25	87.18	0.52	3.71	229	434.00
DLV16-061	12-12-2016	272266.45	4840676.45	59.93	0.2	1.2	577	386.80

Table 16: Summary of mineralized intercepts drilled on the Delia SE vein, July &ndash; December 2016.

Hole ID	Hole Completion Date	Intercept Easting (UTM 19S)	Intercept Northing (UTM 19S)	Elevation (m)	True Width (m)	Au Grade (g/t)	Ag Grade (g/t)	Total hole depth (m)
DLV16-041	20-09-2016	271935.85	4840263.84	-13.73	0.28	2.12	229	458.0
DLV16-043	14-09-2016	271914.61	4840227.52	185.07	0.63	0.9	2.93	191.3

DLV16-045 No vein intercept							
DLV16-046 13-10-2016 271918.6	4840294.19	-5.39	0.4	0.05	5	457.9	
DLV16-049 No vein intercept							
DLV16-050 19-10-2016 272110.93	4840163.85	37.86	3.09	0.86	290	295.45	
DLV16-052 15-11-2016 271645.73	4840296.78	249.58	0.62	0.7	27	649.9	
DLV16-054 30-10-2016 272100.54	4840140.53	15.85	0.36	5.12	344	320.10	
DLV16-063 21-12-2016 271927.41	4840231.94	154.95	0.91	7.39	172	173.75	

Table 17: Summary drill results for the Challacollo property, July – December 2016.

Hole ID	UTM Easting (m)	UTM Northing (m)	Elevation (m)	From (m)	To (m)	True Thickness (m)	Ag (ppm)	Au (ppm)	Pb (%)	Zn (%)
DCN-01	463302	7685878	1352	No vein intercepted						
DPA-01	463245	7684424	1416	76.50	81.75	3.4	26.6	0.6	2.1	3.8
DPA-02	463246	7684424	1416	113.70	117.95	2.4	40.3	0.1	0.8	3.1
DPA-03	463244	7684420	1416	88.40	93.90	4.2	7.6	<0.05	1.7	3.7
DPA-03	463244	7684420	1416	150.50	156.80	5.5	12.5	<0.05	1.3	3.4
DPA-04	463247	7684421	1416	97.10	102.20	1.7	36.5	0.7	2.8	4.6
DLN-01	464244	7683900	1408	188.25	195.50	4.7	6.3	<0.05	0.1	0.1
DLN-02B	464245	7683901	1408	220.10	224.00	3.4	<5	<0.05	0.02	0.06
DCH-40	464040	7682640	1484	331.65	336.20	2.3	60.7	0.4	0.1	0.9
DCS-01	463381	7681396	1377	263.8	267.3	2.7	<5	0.2	0.1	0.2
DCS-02	463104	7681402	1386	141.2	144.1	1.2	<5	<0.05	0.0	0.1
DCS-03	463104	7681407	1386	129.6	131.9	2.1	<5	0.1	0.2	0.5
DCS-04	464483	7680743	1254	No vein intercepted						
DCS-05	464052	7680864	1292	No vein intercepted						

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.

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 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.

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