

Mandalay Resources Announces Completion of Revised Repurchase Offer and Consent Solicitation in Respect of 5.875% Secured Exchangeable Bonds

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TORONTO, May 24, 2017 - [Mandalay Resources Corp.](#) ("Mandalay" or the "Company") (TSX:MND) announced today that Gold Exchange Limited ("GEL"), an unaffiliated special purpose vehicle incorporated in Jersey, has entered into agreements with respect to a revised 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").

GEL issued the Bonds in 2014 and loaned the proceeds to a subsidiary of the Company pursuant to the terms of a loan agreement and related funding agreement (the "Loan") which together mirror the principal terms of the Bonds.

As indicated in Mandalay's press release of May 12, 2017, the original repurchase offer and consent solicitation that GEL launched in respect of the Bonds on April 19, 2017 (the "Original Proposed Transaction") was not completed. However, GEL subsequently entered into discussions with Bondholders with respect to implementing alternative arrangements in respect of the Bonds substantially similar to the Original Proposed Transaction. The holders of 100% of the Bonds have now executed a written resolution approving the Repurchase and Consent Solicitation on the same terms as the Original Proposed Transaction except that the interest rate payable on the Bonds has been increased from 5.875% per annum to 6.875% per annum effective as of May 13, 2017. In addition, GEL has agreed to pay each Bondholder a fee equal to 1.0% of the aggregate principal amount of the Bonds held by it that are not repurchased pursuant to the Repurchase.

Pursuant to the Repurchase, GEL has agreed to purchase US\$29,950,000 principal amount of the Bonds from the holders thereof at a price of 105% of their principal amount, plus accrued and unpaid interest at the rate of 6.875% per annum for the period from (and including) May 13, 2017 to (but excluding) May 26, 2017. The Repurchase is expected to be completed on May 26, 2017.

In connection with the Consent Solicitation, the following amendments have been made to the terms of the Bonds:

- extending the maturity date of the Bonds to May 13, 2022;
- deleting a condition of the Bonds that required that beginning on May 14, 2017, as additional security for the Bonds, GEL was required to start depositing into a custody account, the aggregate number of shares of the SPDR Gold Trust issuable upon exchange of the Bonds;
- adding a new covenant to the Bonds pursuant to which GEL will be required to offer to repurchase a proportion of the Bonds outstanding at the relevant time if and to the extent that the contained gold equivalent (in ounces) at Mandalay's Costerfield mine falls below (initially) 232,000 gold equivalent ounces;
- increasing the interest rate payable on the Bonds from 5.875% per annum to 6.875% per annum; and
- reducing the exchange price of the Bonds from US\$149.99 to US\$135.00.

Mandalay is required to fund any amounts required by GEL to repurchase Bonds pursuant to the Repurchase and all associated fees and expenses (including consent fees). The outstanding amount of the Loan has been reduced by an amount equal to the principal amount of the Bonds repurchased pursuant to the Repurchase and the terms of the Loan have been amended to mirror, where applicable, the amendments to the terms of the Bonds.

Mark Sander, President and Chief Executive Officer of Mandalay, commented, "We are pleased to

have completed the revised repurchase transaction with GEL. This revised repurchase agreement lowers our overall cost of debt service going forward, while also reducing the Company's leverage and maintaining its debt net of cash position of nearly zero. Removing the escrow provision on the loan is advantageous for the Company as it allows us full use of our cash for value-adding investments going forward. The updated agreement extends the maturity for the balance of the loan out an additional three years, to 2022. With the repurchase completed, we have increased our capacity to fund growth through acquisitions or internal capital projects with an optimized mix of cash, debt, or equity.”

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. 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.

For Further Information:

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