

Mandalay Resources Corporation Announces Pricing of Public Offering of Subscription Receipts

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TORONTO, Feb. 12, 2019 - [Mandalay Resources Corp.](#) (“Mandalay” or the “Company”) (TSX: MND, OTCQB: MNDJF) announced today that, in connection with its previously announced public offering of subscription receipts (“Subscription Receipts”), it has entered into an underwriting agreement with a syndicate of underwriters led by BMO Capital Markets and including CIBC Capital Markets and HSBC Securities (Canada) Inc. (the “Underwriters”) to sell 358,400,000 Subscription Receipts at a price of C\$0.12 per Subscription Receipt (the “Offering Price”) for gross proceeds to the Company of approximately C\$43 million (the “Public 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 Public Offering, to purchase up to an additional 53,760,000 Subscription Receipts to cover over-allotments, if any (the “Over-Allotment Option”).

The net proceeds of the Public Offering, along with the net proceeds of a US\$8 million convertible bridge loan that an affiliate of CE Mining Fund III L.P. (“CE Mining”) has agreed to advance to the Company, subject to the satisfaction of certain conditions and concurrently with the completion of the Public Offering, will be used by Mandalay to fund working capital requirements (including development work at Costerfield, and tailings upgrade and capital requirements at Björkdal), debt reduction (including establishing a cash reserve for the purposes of satisfying the Company’s obligations in respect of its Gold Bonds, future planned exploration activities at high potential opportunities including at Costerfield (Youle lode and deeper hole targets) as well as the emerging Aurora Zone at Björkdal, and for general corporate purposes.

Each Subscription Receipt will entitle the holder thereof to receive one common share of the Company (a “Common Share”), subject to adjustment in certain circumstances.

The Subscription Receipts will be issued pursuant to a subscription receipt agreement to be entered into upon the completion of the Public Offering, pursuant to which the gross proceeds of the Public Offering less 50% of the underwriters’ commission payable in connection with the Public Offering (the “Escrowed Proceeds”), will be held in escrow in an interest-bearing account. Upon satisfaction or waiver of certain escrow release conditions (the “Escrow Release Conditions”), including the receipt of all shareholder approvals required for the Public Offering, the remaining 50% of the underwriters’ commission and the underwriters’ expenses will be released to the underwriters, the remaining Escrowed Proceeds will be released to the Company and each Subscription Receipt will be exchanged for one Common Share.

If the Escrow Release Conditions are not satisfied by April 30, 2019, holders of the Subscription Receipts will receive an amount per Subscription Receipt equal to the offering price per Subscription Receipt (the “Offering Price”) together with a pro-rata share of any interest earned on the Escrowed Proceeds. If the Escrowed Proceeds (plus accrued interest) are not sufficient to make such payment, the Company will contribute such amounts as are necessary to satisfy any shortfall.

The Public Offering is expected to close on or about February 20, 2019 and is subject to certain conditions, including Mandalay receiving all necessary regulatory approvals and Mandalay’s receipt of the bridge loan.

For further information regarding the Public Offering and the CE Mining bridge loan, please refer to the Company’s news release dated February 11, 2019 and a prospectus supplement to be filed under

Mandalay's final short form base prospectus dated February 12, 2018 in respect of the Public Offering, a copy of which will be available under the Company's profile on SEDAR at www.sedar.com.

The securities offered under the Public Offering 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.

For Further Information:

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About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia and Sweden, and care and maintenance and development projects in Chile. The Company is focused on growing production at its gold and antimony operation in Australia, and gold production from its operation in Sweden to generate near term cash flow.

Forward-Looking Statements:

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the proposed Financing, Mandalay's current and anticipated financial condition and Mandalay's expected future production and exploration results. 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. There can be no assurance that the Financing will be completed on the terms described in this press release or at all or that Mandalay will be able to continue to operate as a going concern if the Financing is not completed. 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 29, 2018, a copy of which is available under Mandalay's profile at www.sedar.com and in the prospectus supplement to be filed by Mandalay in connection with the Public Offering. 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.

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