

Mandalay Resources Corp.

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Mandalay Resources Corp to raise up to C\$60 million

Mandalay Resources Corp (TSE:MND) (OTCMKTS:MNDJF) said Monday it is aiming to raise up to C\$60 million through a financing transaction, which includes a public offering and a convertible bridge loan.

The Canadian miner said it has arranged a public offering of up to approximately C\$50 million and an US\$8 million convertible bridge loan from an affiliate of CE Mining, an investment fund advised by Plinian Capital, which is controlled by Brad Mills, chairman of Mandalay's board of directors.

"This financing gives Mandalay the financial flexibility it needs to not only address short-term liquidity requirements but also to maintain and grow the business. In particular, the financing provides the capital required to ensure that we execute the high-grade Youle vein development program. This is key to realizing our objective of doubling Mandalay's production profile over the next three years, as outlined in our three-year production guidance released on January 16, 2019," said president and CEO Dominic Duffy, in a release.

"This financing will also allow us to fast track the exploration and development of the Aurora zone at Bjorkdal where initial drilling has indicated significantly higher overall grades and thicknesses than Bjorkdal's average reserve grade and mineral thicknesses. We also intend to fund further exploration activities at both Costerfield and Bjorkdal, following up on particularly promising near mine prospects that emerged out of exploration drilling work completed in 2018," he added.

Mandalay has a number of projects on the go, including the Costerfield gold-antimony mine in Victoria, Australia and the Björkdal gold mine in Northern Sweden.

READ: Mandalay Resources says 4Q gold output met revised 2018 production guidance

The company said in a release that funds are intended to fund working capital requirements, including development work at Costerfield, and tailings upgrade and capital requirements at Bjorkdal. Additionally, funds will be used for debt reduction, future planned exploration activities and for general corporate purposes.

According to the release, during the fourth quarter of 2018 and the start of 2019, a combination of unexpected operational and financial events affected the company's cash flow and cash reserves. The financing is intended to resolve the company's short-term liquidity needs and provide additional capital to allow it to execute its three-year production-growth plan and to undertake significant exploration activities at its Björkdal and Costerfield mines.

In the release, it was indicated that three of Mandalay's largest shareholders have indicated their support for the public offering and have committed to making significant investments.

Price: 0.95

Market Cap: \$86.49 m

1 Year Share Price Graph



October 2018 April 2019 October 2019

Share Information

Code: MND

Listing: TSX

52 week	High	Low
	1.6	0.45

Sector: Gold & silver

Website: www.mandalayresources.com

Company Synopsis:

Mandalay Resources creates exceptional shareholder value through the acquisition of undervalued assets that can rapidly become cash generative, self fund exploration, establish and maintain high operating margins and return cash to shareholders within a planned period of time.

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The financing was negotiated and approved on behalf of Mandalay by a special committee of Mandalay's board of directors comprised exclusively of independent directors, each of whom is free of any conflict of interest relating to the financing.

"We are also extremely pleased to have the support of our largest shareholders who have indicated that they intend to participate in the financing in a significant way, in addition to CE Mining. Their commitments underline their support and confidence in Mandalay, the potential of its assets, and its strategy going forward," said Duffy.

Shares of Mandalay Resources were at C\$0.13 on Monday.

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