



Mandalay Resources Corporation Announces Production and Sales Results for the Fourth Quarter and Full Year of 2015

TORONTO, ON, January 13, 2016 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today its production and sales results for the fourth quarter and full year of 2015.

Brad Mills, Chief Executive Officer of Mandalay, commented, "We are pleased that, in the fourth quarter of 2015, Mandalay produced 43,393 saleable ounces of gold equivalent ("Au Eq oz"). For the full year, we produced a new record of 166,679 Au Eq oz. This total annual production includes:

- A record 109,102 saleable ounces of gold ("oz Au"), at the midpoint of our 2015 guidance of 101,000 to 116,000 oz;
- A record 3,712 tonnes of antimony ("t Sb"), above our guidance of 3,200 to 3,500 t; and
- 2.5 million oz silver ("Ag"), slightly below our guidance of 2.7 to 3.1 million oz.

Metal quantities sold closely followed the produced quantities. As is normal, fourth quarter sales of 39,877 Au Eq oz were slightly lower than production, reflecting end-of-year shipping schedules, while full-year sales at 167,808 Au Eq oz were slightly greater than production, as they included significant carryover from strong late 2014 production that was not shipped until early 2015."

Mr. Mills continued, "This excellent performance is based on our first full year as a three-mine company, with offsetting effects across the larger portfolio significantly smoothing short-term variability at any one operation.

- Costerfield was the high performing anchor to the portfolio all through 2015, producing and selling record amounts of both gold and antimony. This is a direct result of having refined the practice of its cemented rock-fill, longhole stoping mining method at 10 metre ("m") levels in the N- and Cuffley lodes to produce ore at a higher rate and with less dilution than in previous years. This material, with higher than expected gold grades, was processed at record throughput rates in the optimized plant, which achieved strong metallurgical recoveries along with the high throughput. Good performance at Costerfield is expected to continue in 2016 with very low risk, as all major capital programs for the currently envisioned life of mine were completed in 2015.
- Cerro Bayo worked its way through the planned mine-outs of the Fabiola and Dagny veins during 2015, while developing the new mines at Delia SE and Coyita. As a result and as expected, the delivered grades and tonnes from the mines were lower than in previous years, resulting in lower metal production. By the fourth quarter, mine production began to recover as low grade material from the older mines was replaced by higher grade material from the

newer mines, particularly Delia SE. With the developed state of its high grade ore shoots on track, Cerro Bayo is set up for expected strong 2016 performance.

- Björkdal made significant progress in its transformational journey in the fourth quarter of 2015. Our first test of best-practice grade control methodology in underground development during the fourth quarter was highly successful, supported by: work completed earlier in the year to improve the resource and reserve models; improved planning processes; the implementation of high-quality mapping, sampling and assaying; and dramatically shortened assay turnaround time. The results suggest that we can discard 30-50% of low grade material mined from typical drifts and increase the grade of ore sent to the mill by a corresponding 30-50%. This will make room in the plant for significantly more high grade feed, increasing effective productive capacity measured in total gold ounces recovered. Also encouraging is the fact that metallurgical recoveries of the selected high grade material improved with head grade, reaching about 92% at head grades of about 2 g/t, the average reserve grade. In order to deliver sustained good results consistent with this test during 2016, we need to increase our underground mining rate (to compensate for the 30-50% of development material now being discarded) and translate the learnings about selective development to the process of planning and excavating selective stopes between developed levels. Opportunities to improve further upon the gains from the grade control test which we will be investigating in 2016 include reducing underground mining widths (further reducing dilution and enhancing head grade now that we understand where the gold is located) and optical sorting of crushed ore to further de-select significant volumes of unveined and barren host rock before milling."

Mr. Mills closed his remarks, "Mandalay reiterates and maintains the production guidance for 2016 given with its third quarter 2015 financial results in the press release of November 5, 2015."

Saleable production for the three months ended December 31, 2015:

The Company produced a total of 28,948 oz Au, 937 tonnes t Sb and 725,243 oz Ag, representing a total of 43,393 Au Eq oz versus 39,021 Au Eq oz produced in the same period of 2014.

- Production at Costerfield (Australia) was 11,582 oz Au (a record) and 937 t Sb, versus 11,126 oz Au and 926 t Sb in the fourth quarter of 2014.
- Production at Cerro Bayo (Chile) was 6,901 oz Au and 725,243 oz Ag, versus 9,052 oz Au and 1,021,189 oz Ag produced in the same quarter of 2014.
- Production at Björkdal (Sweden) was 10,465 oz Au, versus 11,458 oz Au produced in the fourth quarter of 2014.

Saleable production for the year ended December 31, 2015:

The Company produced a record total of 109,102 oz Au, record Sb production of 3,712 t and 2,545,984 oz Ag for the full year, representing a new record total of 166,679 Au Eq. oz.

- Production at Costerfield was a record 42,491 oz Au and 3,712 t Sb, versus 35,751 oz Au and 3,639 t Sb produced in 2014.

- Production at Cerro Bayo was 22,572 oz Au and 2,545,984 oz Ag in 2015, lower than the year-ago volumes of 27,600 oz Au and 3,329,519 oz Ag.
- Production in our first full year of ownership of Björkdal was 44,039 oz Au.

Table 1 – Fourth Quarter and Total Year Saleable Production for 2015 and 2014

Metal	Source	Three months to 31 December 2015	Three months to 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2014
Gold (oz)	Costerfield	11,582	11,126	42,491	35,751
	Cerro Bayo	6,901	9,052	22,572	27,600
	Björkdal	10,465	11,458	44,039	14,549
	Total	28,948	31,636	109,102	77,900
Antimony (t)	Costerfield	937	926	3,712	3,639
Silver (oz)	Cerro Bayo	725,243	1,021,189	2,545,984	3,329,519
Average quarterly prices:					
Gold US\$/oz		1,104	1,199		
Antimony US\$/tonne		5,604	9,004		
Silver US\$/oz		14.76	16.45		
Au Eq. (oz) ¹	Costerfield	16,335	18,078	65,675	62,889
	Cerro Bayo	16,593	23,065	56,965	77,372
	Björkdal	10,465	11,458	44,039	14,549
	Total	43,393	52,601	166,679	154,810

¹ Quarterly Au Eq. oz produced is calculated by multiplying the saleable quantities of Au, Ag, and Sb in the period by the respective average market prices of the commodities in the period, adding the three amounts to get a “total contained value based on market price”, and then dividing that total contained value by the average market price of Au in the period. Average Au price in the period is calculated as the average of the daily LME PM fixes in the period, with price on weekend days and holidays taken of the last business day; average Sb price in the period is calculated as the average of the daily average of the high and low Rotterdam warehouse prices for all days in the period, with price on weekend days and holidays taken from the last business day; average Ag price in the period is calculated as the average of the daily London Broker’s silver spot price for all days in the period, with price on weekend days and holidays taken from the last business day. The source for all prices is www.metalbulletin.com.

Sales for the three months ended December 31, 2015:

- The Company sold 26,641 oz Au, 967 t Sb, and 623,184 oz Ag, representing a total of 39,877 oz Au Eq.
- Costerfield sold 11,402 oz Au and 967 t Sb.
- Cerro Bayo sold 5,854 oz Au and 623,184 oz Ag.
- Björkdal sold 9,385 oz Au.

Sales for the year ended December 31, 2015:

- The Company sold 107,998 oz Au, 3,563 t Sb, and 2,778,836 oz Ag, representing a total of 167,808 oz Au Eq.
- Costerfield sold 40,686 oz Au and 3,563 t Sb.
- Cerro Bayo sold 24,489 oz Au and 2,778,836 oz Ag.
- Björkdal sold 42,823 oz Au.

Table 2 – Fourth Quarter and Total Year Sales for 2015 and 2014

Metal	Source	Three months to 31 December 2015	Three months to 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2014
Gold (oz)	Costerfield	11,402	12,098	40,686	35,333
	Cerro Bayo	5,854	8,894	24,489	25,278
	Björkdal	9,385	12,115	42,823	15,409
	Total	26,641	33,107	107,998	76,020
Antimony (t)	Costerfield	967	1,151	3,563	3,506
Silver (oz)	Cerro Bayo	623,184	1,087,776	2,778,836	3,168,211
Average quarterly prices:					
Gold US\$/oz		1,104	1,199		
Antimony US\$/tonne		5,604	9,004		
Silver US\$/oz		14.76	16.45		
Au Eq. (oz) ¹	Costerfield	16,310	20,744	62,895	61,496
	Cerro Bayo	14,182	23,821	62,090	72,444
	Björkdal	9,385	12,115	42,823	15,409
	Total	39,877	56,680	167,808	149,349

¹Quarterly Au Eq. oz sold is calculated by multiplying the saleable quantities of Au, Ag, and Sb in the period by the respective average market prices of the commodities in the period, adding the three amounts to get a “total contained value based on market price”, and then dividing that total contained value by the average market price of Au for the period. The source for all prices is www.metalbulletin.com with price on weekend days and holidays taken of the last business day.

Previously issued 2016 guidance

The Company maintains its previously issued guidance for 2016 production, cost, capital, and exploration (November 5, 2015 press release).

Table 3 – 2016 Production and Cost Guidance

Categories		Total	Cerro Bayo	Costerfield	Björkdal
Saleable Ag produced	oz million	2.9-3.3	2.9-3.3		
Saleable Au produced	oz '000	100-115	24-30	26-30	50-55
Saleable Sb produced	t '000	3.0 - 3.5		3.0 - 3.5	
Total saleable Au Eq produced	Au Eq. oz '000	165-180			
Total Cash Cost*	\$/Au Eq. oz	690-810	600-720	650-770	850-970
Capital expenditure	USD million	31-37	13-15	2-3	16-19
Exploration	USD million	7	2	2	3

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

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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 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 2015 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, 2015, 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.