Mandalay Resources Corporation Announces Financial Results and Quarterly Dividend for the Second Quarter of 2015

TORONTO, ON, August 5, 2015 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today revenue of $50.8 million, adjusted EBITDA of $18.2 million and net profit of $5.1 million, or $0.01 per share, for the second quarter of 2015. The Company's unaudited consolidated financial results for the three months ended June 30, 2015, together with its Management's Discussion and Analysis ("MD&A") for the corresponding period can be accessed under the Company's profile on www.sedar.com and on the Company's website at www.mandalayresources.com. All currency references in this press release are in U.S. dollars except as otherwise indicated.

In accordance with the Company's dividend policy, Mandalay's Board of Directors declared a quarterly dividend of $3,047,598 (6% of the trailing quarter's gross revenue), or $0.0074 per share (CDN$0.0098 per share), payable on August 27, 2015 to shareholders of record as of August 17, 2015.

Brad Mills, Chief Executive Officer of Mandalay, commented, "Mandalay achieved sound financial results in the second quarter, despite lower metal prices than in prior periods. We are well ahead of our performance during the same period in 2014 in spite of overall lower prices for all of our products. We continued to grow our cash balance, which increased by $0.3 million to $52.3 million after paying out $3.3 million in dividends and spending $14.6 million on capital in the quarter.

"Costerfield delivered low cash costs and all-in sustaining ("AISC") costs of $578 and $795 per gold equivalent ("Au Eq.") oz, respectively, in the quarter; Björkdal achieved cash costs of $884 per oz gold ("Au") and AISC of $1,035 per oz Au and Cerro Bayo delivered cash costs per ounce silver ("Ag") net of Au credit of $7.61 and $14.84/oz AISC, an improvement on the prior quarter, despite the strike that occurred at the end of June.

"The Company maintained strong margins, with EBITDA margins for the three and six months to June 30, 2015 of 36% and 40%, respectively, and net income margins for the same period of 10% and 16%, respectively. The Company's balance sheet also remains solid with a current ratio of 4:1 (excluding the exchangeable loan from current liabilities)."

Mr. Mills continued, "For the balance of the year, we expect Costerfield to maintain its current cost and volume performance. Cerro Bayo grades are expected to gradually improve during the second half as we complete mining in the Fabiola and Dagny veins and begin production on the Delia SE vein. We expect Björkdal to start to produce more gold in the second half as a new, higher-grade mine plan is adopted. We also expect capital spending to taper off in the second half as we have completed the majority of our capital spending at Costerfield and production commences at the Delia SE Mine. We reiterate our total annual production, capital and cost guidance as per the Mandalay press release dated February 17, 2015."

Second Quarter Financial Highlights

The following table summarizes the Company's financial results for the three and six month periods ended June 30, 2015 and 2014:

Particulars	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
	$'000	$'000	$'000	$'000
Revenue	50,793	44,888	107,572	82,980
Adjusted EBITDA	18,240	16,403	42,507	32,429
Income from mine operations before depreciation and depletion	19,878	18,515	45,663	36,231
Net income	5,073	4,936	17,557	10,680
Total assets	363,213	273,952	363,213	273,952
Total liabilities	139,331	98,737	139,331	98,737
Earnings per share	0.01	0.01	0.04	0.03

Increases in revenue and adjusted EBITDA during the second quarter of 2015 relative to the same quarter in 2014 were principally due to larger volumes sold and better cost performance. Factors affecting sales volumes include the inclusion of Björkdal in this quarter and greater Au and Sb production at Costerfield, partially offset by lower Ag and Au production at Cerro Bayo due to expected lower-grade ore mined and processed in the period. The principal factors impacting cash costs included lower year-on-year operational country exchange rates (declines of AUD$ 17%, Chilean Peso 11% and SEK 27%) and 43% lower petroleum prices.

Net income is inclusive of a non-cash, non-operating loss of $5,000 related to marketable securities, a gain of $290,000 for the derivative portion of the five-year exchangeable loan, a gain of $12,000 related to a crude oil call option and deferred tax expense of $1.6 million. Excluding these items, the gain after tax from underlying operations for the second quarter of 2015 was $6.4 million. By comparison, in the second quarter of 2014 the Company's net income of $4.9 million ($0.01 per share) was inclusive of non-cash, non-operating loss of $148,000 relating to a mark-to-market adjustment of financing warrants and an AUD/USD currency option and deferred tax income of $11,000. Excluding these items, the gain after tax from underlying operations in the second quarter of 2014 was $5.1 million.

On May 22, 2015, Mandalay paid a quarterly dividend in the aggregate amount of $3.3 million (CDN$ 0.0101 per share).

Second Quarter 2015 Operational Highlights

Costerfield gold-antimony mine, Victoria, Australia

In the second quarter of 2015, Costerfield had saleable Au production of 9,563 oz versus 10,416 oz in the previous quarter and 7,256 oz in the second quarter of 2014. Saleable Sb production for the second quarter of 2015 was 842 t versus 969 t in the previous quarter and 855 t in the second quarter of 2014. Increased gold production in the current quarter compared to the corresponding quarter of the previous year was mainly due to increased mine output and higher gold grades.

Cash cost per Au Eq. oz produced in the second quarter of 2015 was $578 versus $989 in the second quarter of 2014. The site all-in cost per Au Eq. oz produced in the second quarter of 2015 was $795, versus $1,278 in the second quarter of 2014. The lower cash cost in the second quarter of 2015 was due to high throughput and high grades of ore processed.

Cerro Bayo silver-gold mine, Patagonia, Chile

During the second quarter of 2015, the Cerro Bayo mine produced 597,489 Ag and 5,361 oz Au versus 590,755 oz Ag and 5,005 oz Au in the previous quarter and 741,382 oz Ag and 6,823 oz Au in the second quarter of 2014. This is primarily the result of planned lower mine grades produced in the period as we near the end of mining in the Fabiola vein and transition to the Delia SE mine around mid-year, but also includes the partial impact of the labor strike, since resolved.

Cash cost per oz Ag produced net of Au by-product was $7.61 during the second quarter of 2015, higher than the $5.83 in the second quarter of 2014. Site all-in costs were $14.84/oz versus $12.08/oz in the previous year. Cash cost per oz was higher in the second quarter of 2015 compared to the corresponding quarter of 2014, principally due to lower production arising from lower plant head grades.

Björkdal gold mine, Sweden

In the second quarter of 2015, Björkdal produced 11,494 oz Au. This amount was slightly lower than the 12,319 oz produced in the prior quarter. There was no comparable production in the prior year period as Mandalay did not own the mine at that point. Production declined slightly from the first quarter to the second quarter because reconciled mill head grades declined from 1.37 to 1.30 g/t Au and gold recovery decreased from 90% to 88%. The ramp-up of grade is expected at Björkdal as the new assay lab opens, and as the mine continues with its optimization plan.

Cash cost per gold equivalent ounce produced in the second quarter of 2015 was $884. The site all-in cost per Au Eq. oz produced in the second quarter of 2015 was $1,035.

The following table summarizes the Company's capital expenditure and unit costs for the three months ended June 30, 2015 and June 30, 2014:

	Three months ended June 30, 2015	**Three months ended June 30, 2014**
	$'000	**$'000**
Capital development	8,245	8,712
Capital purchases	4,276	4,589
Capital exploration	2,078	3,394
Cerro Bayo: Cash cost per oz Ag produced net of Au byproduct credit	$7.61	$5.83
Cerro Bayo: Site all-in cost per oz Ag produced net of Au byproduct credit	$14.84	$12.08
Costerfield: Cash cost per oz Au equivalent produced	$578	$989
Costerfield: Site all-in cost per oz Au equivalent produced	$795	$1,278
Björkdal: Cash cost per oz Au equivalent produced	$884	N/A
Björkdal: Site all-in cost per oz Au equivalent produced	$1,035	N/A
Company Average Cash Cost per oz Au Eq. Oz	$771	$873
Company Average All-in Cost per oz Au Eq. Oz.	$1,038	$1,143

Conference Call

Mandalay's management will be hosting a conference call for investors and analysts on August 6, 2015 at 8:00 am (Toronto time). Analysts and interested investors are invited to participate using the following dial-in numbers:

Participant Number: (201) 689-8341
Participant Number (Toll free): (877) 407-8289
Conference ID: 13616640

A replay of the conference call will be available until 23:59 pm (Toronto time), August 20, 2015 and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number: (877) 660-6853
Encore ID: 13616640

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About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia, Chile and Sweden, and a development project 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 guidance as to anticipated gold, silver, and antimony production and production costs in the future. 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. 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.

Non-IFRS Measures

This news release may contain references to adjusted EBITDA, cash cost per ounce of gold equivalent produced, cash cost per saleable ounce of silver produced net of gold credits, site all-in cost per ounce of gold equivalent produced, site all-in cost per saleable ounce of silver produced net of gold credits and all-in sustaining costs, which are all non-IFRS measures and do not have standardized meanings under IFRS. Therefore, these measures may not be comparable to similar measures presented by other issuers. Management uses adjusted EBITDA as measures of operating performance to assist in comparing the Company's ability to generate liquidity through operating cash flow to fund future working capital needs and fund future capital expenditures and to assist in financial performance from period to period on a consistent basis. The Company believes that these measures are used by and are useful to investors and other users of the Company's financial statements in evaluating the Company's operating and cash performance because they allow for analysis of our financial results without regard to special, non-cash and other non-core items, which can vary substantially from company to company and over different periods.

The Company defines adjusted EBITDA as earnings before interest, taxes, non-cash charges and finance costs. For a detailed reconciliation of net income to adjusted EBITDA, please refer to page 13 of management's discussion and analysis of the Company's financial statements for the second quarter of 2015.

Equivalent gold ounces produced is calculated by adding to gold ounces produced, the antimony tonnes produced times the average antimony price in the period divided by the average gold price in the period. The total cash operating cost associated with the production of these equivalent ounces produced in the period is then divided by the equivalent gold ounces produced to yield the cash cost per equivalent ounce produced. The cash cost excludes royalty expenses. Values for 2014 have been re-calculated accordingly. Site all-in costs include total cash operating costs, royalty expense, depletion, depreciation, accretion and write-off of exploration and evaluation. The site all-in cost is then divided by the equivalent gold ounces produced to yield the site all-in cost per equivalent ounce produced.

The cash cost per silver ounce produced net of gold byproduct credit is calculated by deducting the gold credit (which equals ounces gold produced times the realized gold price in the period) from the cash operating costs in the period and dividing the resultant number by the silver ounces produced in the period. The cash cost excludes royalty expenses. The site all-in cost per silver ounce produced net of gold byproduct credit is calculated by adding royalty expenses, depletion, depreciation, accretion and write-off of exploration and evaluation to the cash cost net of gold byproduct credit dividing the resultant number by the silver ounces produced in the period.

All-in sustaining costs per gold equivalent ounce includes total cash operating costs, royalty expense, depletion, depreciation, accretion, and write-off of exploration and evaluation. Equivalent gold ounces produced is calculated by adding to gold ounces produced, the antimony tonnes produced times the average antimony price in the period divided by the average gold price in the period. The cost is then divided by the equivalent gold ounces produced to yield the all-in cost per equivalent ounce produced.