MANDALAY RESOURCES PROVIDES HALF-YEAR EXPLORATION UPDATES FOR ITS COSTERFIELD, BJÖRKDAL AND CERRO BAYO MINES AND ITS CHALLACOLLO FEASIBILITY PROJECT

TORONTO, ON, July 29, 2015 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) is pleased to provide half-year exploration updates for all its sites.

Brad Mills, CEO of Mandalay, commented, “Our exploration programs across the Company continued on track to replace reserves and identify new potential areas for future growth. At Costerfield, infill and extensional drilling of the Cuffley lode above the King Cobra fault has delivered mineralized intercepts that are expected to support additional reserves at the end-of-year estimation. More exciting, we are confirming the extension of the Cuffley lode below the King Cobra fault in new intercepts and believe the shoot continues strongly at depth.”

Mr. Mills continued, “At Cerro Bayo, drilling under Laguna Verde is revealing the southeast and depth limits of the Coyita vein, with a large gap between the northwest and southeastern zones (already estimated as Proven and Probable Mineral Reserves) still to be filled in during the second half of the year. The newly discovered Camila vein to the northeast of Coyita is also emerging as a target for infill drilling. Drilling to further define the Yasna vein under the lake will continue in the second half, as will widely spaced holes to develop an initial understanding of additional vein potential under the rest of Laguna Verde.”

“At Björkdal, we are focused on rebuilding the fundamental geological understanding of the mineralizing system, which increasingly appears to be contact metasomatic in origin, with multiple newly-recognized vein orientations. Abundant gold-bearing intercepts in open pit and underground extensional drilling as well as in initial drilling at the Rönnberget target (some 5 km to the east of the mine) demonstrates not only that the known mineralized zones are open to extension but that that gold is widely distributed in the district. Drilling for the rest of the year aims to grow the resource base available to open pit mining in the shortest term, to expand the limits of the underground resource to support application for expanding the mining concession and to test regional targets.”

“Finally, at Challacollo, our feasibility study is nearly complete, with identification of a suitable water source for the proposed operation being the significant remaining factor. We have decided to postpone submitting our EIS application until the water source can

be specified, giving us a period of time to optimize the project with further exploration, as well as plant, capital cost and operating cost refinements."

Costerfield

Drilling, Sampling, and Assaying

During the first half of 2015, Mandalay drilled 4,515 m of diamond core in 19 holes. In addition, the Company completed 1,721 m of on-vein operating development and associated sampling of the N- and Cuffley lodes. Drill core was logged and sampled by Costerfield geologists, who also mapped and sampled the development advances. All samples were sent to Onsite Laboratory in Bendigo, Victoria, Australia, for sample preparation and assay. Site geological and metallurgical personnel have implemented a QA/QC process that includes the regular submission of standard reference materials and blanks with drill and face samples submitted for assay. Standard reference materials have been certified by Geostats Pty Ltd. Please see the Company's previously filed technical report, "Costerfield Operation, Victoria, Australia, NI 43-101" dated March 31, 2015 and available on SEDAR (www.sedar.com), for a full description of the drilling, logging, assaying and estimation processes, including data verification procedures.

Drill Results

Assay results are summarized in Tables 1, 2 and 3 below; they are displayed in geologic context in Figures 1, 2, and 3.

Cuffley Main (Table 1; Figures 1, 2 and 3)

- Four new intercepts were generated, one high-grade (AD119), one medium-grade (AD127), and two low-grade (AD118, AD126).
- These intercepts were generated incidental to reaching the primary target in the Cuffley Deeps zone below the Tiger Fault and are not expected to significantly change the estimated resources in the Cuffley Main Zone as they penetrated the Main Zone within the boundaries of already-Indicated Resource.
- However, they do increase the level of confidence for mine planning in the area.

Table 1: Significant new drill intercepts on Cuffley Main

Hole ID	Hole completion Date	Intercept Easting (Mine Grid, m)	Intercept Northing (Mine Grid, m)	Elevation (m)	True Width* (m)	Gold Grade (g/t)	Antimony Grade (%)	AuEq (g/t) over 1.8m **	Total Hole Depth (m)
AD118	13/01/2015	15178	4922	823	0.36	0.4	0.0	0.1	240.3
AD119	23/01/2015	15189	4874	825	1.09	37.0	8.30	32.5	330.3
AD126	5/05/2015	15187	4764	828	0.71	1.4	0.1	0.6	250.3
AD127	25/05/2015	15201	5014	844	0.35	44.5	12.5	13.7	198.7

* True width is preliminary estimate only and may not reflect final true width used in resource estimate

** AuEq(g/t) = Au(g) + Sb(%) x $\frac{\text{Price per 1\% Sb (kg)} \times \text{Sb Recovery (\%)}}{\text{Price per 1 Au (g)} \times \text{Au Recovery (\%)}}$

Cuffley Deeps (Table 2; Figures 1 and 3)

- High- and medium-grade mineralization is proved to continue downward into the currently Inferred Resource in Cuffley Deeps in AD114, AD116, AD118, AD121W1, AD123, and AD124W1.
- These intercepts suggest a zone of high-grade mineralization just below the Tiger fault at the top and just above the King Cobra fault at the bottom of the fault block, with the intervening material inadequately drilled.
- Mandalay believes the upper high-grade zone below the Tiger fault will support mining development and convert to reserves at year-end. The lower zone just above the King Cobra may not, but it could significantly enhance the viability of potential deeper development to reach emerging mineralization under the King Cobra fault (see below).
- There is a significantly mineralized splay emerging in the Deeps block, intercepted in AD118, AD121W1 and AD129W1.

Cuffley below the King Cobra fault (Table 3, Figure 3)

- Hole CSK001 intercepted a 28 m wide zone of quartz-stibnite-gold veins and veinlets, with the best (559 m elevation) containing 39.7 g/t Au and 1.4% Sb over 0.13 m.
- This intercept is believed to be correlative with AD107, drilled and announced in 2014, which contained similarly high gold/low antimony values.
- If this is true, then the two intercepts represent a zone with a strike length of at least 200 m and a depth extent of at least 100 m. CSK001 is the first of 8 holes planned to test below the King Cobra fault during the balance of 2015.

Table 2: Significant new drill intercepts on Cuffley Deeps

Hole ID	Hole completion Date	Intercept Easting (Mine Grid, m)	Intercept Northing (Mine Grid, m)	Elevation (m)	True Width* (m)	Gold Grade (g/t)	Antimony Grade (%)	AuEq (g/t) over 1.8m **	Total Hole Depth (m)
AD113	1/12/2014	15195	5041	851	0.16	11.6	8.8	2.6	180.3
AD114	25/11/2014	15177	5128	846	2.03	11.2	11.9	35.2	234.2
AD115	12/12/2014	15166	5204	843	0.71	0.8	0.3	0.6	247.9
AD116	4/12/2014	15170	5164	846	1.97	5.4	3.1	11.7	218.9
AD117	9/12/2014	15179	5084	798	0.10	27.0	8.0	2.4	209.5
AD118	13/01/2015	15177	4923	825	0.52	39.7	26.9	27.2	240.3
AD118***	13/01/2015	15172	4915	819	0.17	116.5	8.8	12.9	240.3
AD119	23/01/2015	15154	4830	798	0.14	2.6	0.6	0.3	330.3
AD120	2/02/2015	15171	4964	813	0.33	1.1	0.1	0.3	207.7
AD121W1***	13/02/2015	15177	4981	697	1.41	2.8	1.2	4.1	270.2
AD121W1	13/02/2015	15172	4979	688	1.28	4.5	4.5	9.7	270.2
AD122	23/02/2015	15173	4991	740	1.83	1.5	0.2	1.9	240.5
AD123***	1/04/2015	15158	4883	784	0.05	133.4	6.1	3.8	297.4
AD123	1/04/2015	15136	4858	763	0.21	34.3	20.8	8.7	297.4

AD124W1	18/03/2015	15162	5112	677	0.10	367.3	3.0	21.4	308.0
AD125W1	17/04/2015	15172	4960	725	0.07	19.5	5.8	1.2	245.3
AD126	5/05/2015	15111	4748	788	1.41	1.8	0.2	1.8	250.3
AD127	25/05/2015	15177	5009	827	0.18	1.1	0.2	0.1	198.7
AD128	19/05/2015	15129	4815	687	0.05	14.9	3.8	0.6	317.8
AD129W1	5/03/2015	15168	4933	689	1.30	2.9	0.9	3.4	320.4
AD129W1***	5/03/2015	15157	4925	674	0.05	17.7	11.6	1.2	320.4

* True width is preliminary estimate only and may not reflect final true width used in resource estimate

** AuEq(g/t) = Au(g) + Sb(%) x $\frac{\text{Price per 22.68 lb (kg)} \times \text{Sb Recovery (\%)}}{\text{Price per 1 Au (g)} \times \text{Au Recovery (\%)}}$

*** Intercept on a splay vein proximal to the continuous lode structure.

Table 3: Significant new drill intercepts on Cuffley lode from below the King Cobra fault

Hole ID	Hole completion Date	Intercept Easting (Mine Grid, m)	Intercept Northing (Mine Grid, m)	Elevation (m)	True Width* (m)	Gold Grade (g/t)	Antimony Grade (%)	AuEq (g/t) over 1.8m **	Total Hole Depth (m)
AD107	23/10/2014	15154	5226	675	0.09	173.0	0.0	9.1	413.5
CSK001	22/06/2015	15158	5025	585	1.45	0.2	1.4	2.4	449.4
CSK001	22/06/2015	15151	5024	579	0.09	0.4	3.0	0.3	449.4
CSK001	22/06/2015	15147	5024	576	0.08	0.1	4.4	0.4	449.4
CSK001	22/06/2015	15143	5023	573	1.15	0.6	1.0	1.7	449.4
CSK001	22/06/2015	15141	5023	571	0.93	1.8	1.4	2.6	449.4
CSK001	22/06/2015	15122	5021	559	0.13	39.7	1.4	3.1	449.4

* True width is preliminary estimate only and may not reflect final true width used in resource

** AuEq(g/t) = Au(g) + Sb(%) x $\frac{\text{Price per 22.68 lb (kg)} \times \text{Sb Recovery (\%)}}{\text{Price per 1 Au (g)} \times \text{Au Recovery (\%)}}$

Cerro Bayo

Drilling, Sampling and Assaying

A total of 11,076 m of NX and BX diamond core were drilled in 27 holes at Cerro Bayo during the first six months of 2015, including three holes still in progress on June 30. All of these holes were drilled from surface platforms on the margins of Laguna Verde, except for DLV15-022, collared in an underground station on the Dagny vein 70 m level. All drill holes were directionally surveyed except for DLV15-002, in which a twisted-off drill pipe precluded measurements by the downhole instrument. In addition, a total of 3,191 m of on-vein development drifts were completed during the period.

Drill core was logged and sampled by staff geologists, who also performed mine mapping and sampling. All core and face samples (including blanks, standards and duplicates) were submitted to the on-site assay laboratory of Compañia Minera Cerro Bayo. The Cerro Bayo assay laboratory was audited in 2011 by SGS Lakefield Research

Ltd. And routinely sends check samples to the ALS laboratory (ISO 9001:2008 and ISO/IEC 176025:2005 certified) in La Serena, Chile, following QA/QC practices established by the parent Company Mandalay Resources. Please see the Company's previously filed technical report, "Technical report on the Cerro Bayo project, Region XI (Aysèn) Chile", dated March 31, 2015 and available on SEDAR (www.sedar.com), for a full description of the drilling, logging, assaying and estimation processes, including data verification procedures.

Drill Results

Coyita vein

Eighteen new drill holes completed during the first six months of 2015 infilled and modestly extended the Coyita SE segment under Laguna Verde and the peninsula (Table 4, Figures 4, 5a and 5b). The Coyita SE segment largely has been closed off at depth north of the Falla Peninsula, but still remains open at depth to the south. Complex fault relations and postmineral dikes south of the Falla Peninsular create some uncertainty in correlations of the Coyita vein in this block that will be resolved with additional drilling. More step-out drilling also is planned for the Coyita NW segment, to test for the extension of the vein beneath a postmineral andesite sill that currently bounds an ore block. Drilling from the end of the peninsula indicates that mineralized, subordinate splays or branches of the Coyita system extend into altered rocks on the hanging wall of the main vein to the northeast, with the most prominent of these being the Camila vein (Table 5, Figure 6). This sector will be tested in future exploration efforts.

Table 4: Significant new drill intercepts tentatively correlated with the Coyita vein

Hole_ID	Hole Compl. Date	Total Hole Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elevation (m)	From (m)	To (m)	Intercept Length (m)	Intercept True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
DLV15-001	1/14/2015	318.2	272297.29	4840678.98	10.09	288.15	289.95	1.8	1.18	5.07	270
DLV15-002	3/02/15	345.7	272287.05	4840664.6	53.06	260.46	260.78	0.32	0.23	0.33	72
DLV15-003	3/16/2015	442.95	272157.98	4840944.63	-18.51	401.43	403.73	2.3	1.49	0.05	2
DLV15-004	2/13/2015	377.15	272120.63	4840918.4	120.83	324.8	327.94	3.14	1.88	1.8	151
DLV15-005	3/13/2015	298	272197.55	4840786.34	94.9	233.85	235.2	1.35	1.13	9.46	1014
DLV15-007	3/24/2015	293.6	272193.04	4840834.039	49.3	267.05	268.67	1.62	1.12	5.81	2279
DLV15-008	3/23/2015	418.35	272199.12	4840884.35	-61.25	398.65	400.3	1.65	1.09	2.57	13
DLV15-010	10/09/15	326.65	272223.05	4840809.1	-7.06	297.25	304.86	7.61	4.78	0.65	30
DLV15-011	4/15/2015	507.9	272137.26	4840998.69	-72.66	467.05	468.5	1.45	0.79	1.24	57
DLV15-014	4/21/2015	412.25	272297.79	4840621.2	-2.75	311.43	311.89	0.46	0.32	1.33	150
DLV15-015	4/28/2015	433.95	272373.65	4840532.66	-74.88	418.86	420.86	2.28	1.21	2.58	60
DLV15-016	5/02/15	287.55	272259	4840653.97	81.65	222.29	224.04	1.75	1.31	0.44	91
DLV15-019	5/04/15	422.6	272318.9	4840665.76	-28.73	314.45	316.7	2.25	1.28	9.36	229
DLV15-019-C1	5/11/15	329.3	272318.6	4840665.96	-29.57	315.38	317.41	2.03	1.16	11.88	303
DLV15-021	5/15/2015	362.9	272244.21	4840825	-37.35	331.7	332.95	1.25	0.71	1.38	44
DLV15-023	5/28/2015	512.2	272287	4840757	-137.13	414.45	418.68	4.23	2.13	1.14	17
DLV15-024	6/06/15	388.5	272185.33	4840880.1	2.76	314.82	316.77	1.95	1.15	2.2	117
DLV15-025	6/06/15	427.1	NO VEIN INTERCEPTED (diked out)								

Camila vein

Table 5: Significant new drill intercepts tentatively correlated with the Camila vein

Hole_ID	Hole Compl. Date	Hole Total Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elevation (m)	From (m)	To (m)	Intercept Length (m)	Intercept True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
DLV14-058	27/11/14	400.95	272297.48	4840892.26	127.55	193.6	195.1	1.46	0.34	0.30	274
DLV14-063	7/01/14	250.85	272230.57	4840944.03	67.80	291.5	294.8	3.32	0.54	2.80	857
DLV15-003	16/03/15	442.95	272297.18	4840900.8	119.1	201.25	202.65	1.40	0.28	0.05	9
DLV15-008	27/03/15	418.35	272256.32	4840876.6	19.02	299.8	301.4	1.6	0.33	3.05	1078

Yasna vein

Eight new step-out or infill drill holes on the Yasna vein have only modestly extended the previously defined mineralized zone (Table 6; Figure 7). The mineralized zone currently stands at about 200 m long by 70 m high, down-dip. The latest structural data indicate that the Yasna vein turns and merges with the Kasia vein along strike and probably does not extend all the way south to the Falla Peninsula as an independent fissure.

Table 6: Significant new drill Intercepts tentatively correlated with the Yasna vein

Hole_ID	Hole Compl. Date	Hole Total Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elevation (m)	From (m)	To (m)	Intercept Length (m)	Intercept True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
DLV15-006	30/03/15	431.60	271751	4840964.9	108.33	421.7	424.92	3.22	2.82	1.61	434
DLV15-009	2/04/15	428.95	272028	4840641	27.47	369.7	370.07	0.37	0.17	1.42	144
DLV15-012	22/04/15	488.60	271778	4840921.3	104.58	443.5	443.75	0.3	0.23	0.3	38
DLV15-013	11/04/15	389.75	272025	4840624.3	36.66	369	369.33	0.3	0.14	3.16	1134
DLV15-018	14/05/15	446.45	271772	4840966.8	150.44	431.8	432.49	0.67	0.54	0.22	81
DLV15-018-C1	21/05/15	51.15	271774	4840968.7	146.41	433.9	434.86	0.92	0.75	0.56	161
DLV15-006-C1	29/05/15	251.00	271752	4840948.3	115.17	418.4	420.32	1.93	1.5	0.81	262

Irene vein and other

One new intercept was obtained on the Irene vein and one on a nearby subordinate fissure, confirming that some Ag-Au mineralization persists into the hanging wall of the Falla Laguna Verde between the Delia and the Yasna vein systems (Table 7, Figure 8).

Table 7: Significant new drill intercepts tentatively correlated with the Irene vein.

Hole_ID	Hole Compl. Date	Hole Total Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elevation (m)	From (m)	To (m)	Intercept Length (m)	Intercept True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
DLV15-022	-	501.00	271770.7	4840684.1	37.7	279.93	280.65	0.72	0.608	1.72	178.5
OTHERS INTERCEPTS											
DLV15-022	-	501.00	271793.7	4840679.6	44.561	298.5	300.2	1.7	1.43	2.19	184

Björkdal

Drilling, Sampling and Assaying

All the surface, and the majority of the underground, diamond drilling has been conducted by third party contractors, producing WL66-sized core (50.5 mm diameter core). During the period from July 31, 2014, to June 30, 2015, 8 diamond core drill holes totaling 935 m were drilled to infill and extend open pit resources; 18 core holes for 4,636 m were drilled to infill and extend underground resources; and 6 core holes totaling 757 m were drilled to test the Rönnberget target. All all diamond drill hole collars are surveyed. Downhole surveys are also carried out to record hole azimuth and dip. Starting in 2013, infill underground diamond drilling programs using WL46-size drill strings (28.8 mm diameter core) were implemented utilizing an in-house drill rig. Due to the nature of the deposit, the core recovery is generally excellent, averaging greater than 90%.

Reverse circulation ("RC") drilling is conducted for infill drilling of open pit resources and is performed as much as possible in the summer months in order to reduce any possible build-up or contamination in the cyclone due to frigid winter conditions. Drilling is

performed by contractors utilizing five inch (12.7 cm) diameter drill bits. During the period from July 31, 2014, to June 30, 2015, 30 RC drill holes totaling 886 m were completed. Drill cuttings are sampled every one metre via a cyclone. All RC drill hole collars are surveyed. No downhole surveys are taken because they are not necessary due to the shallow depth of the holes (mostly 32 m).

Diamond core and RC chips are logged by Mandalay personnel on-site. Assaying of Björkdal's samples was completed at ALS Minerals, an independent, ISO accredited laboratory in Piteå, Sweden, CRS Minlab Oy (CRS) in Kempele, Finland, and at the Svartliden gold mine in Sweden. Whole core samples were sent directly to the independent laboratories for sample preparation and assaying. Reverse circulation samples were prepared at the on-site sample preparation facility and then shipped for assaying. Assaying was conducted utilizing the LeachWELL process. QA/QC included the use of standard reference samples, blanks, duplicates, repeats, and internal laboratory quality assurance procedures. More details on the drilling, logging, sampling, and assaying procedures are contained in the Technical Report "Mandalay Resources Corporation Technical Report on the Björkdal Gold Mine, Sweden" filed March 31, 2015.

Drill Results

Open Pit

New gold-bearing intercepts (both RC and diamond drilling) have demonstrated that high-grade open-pit mineralized extensions are present to all currently mined areas of the pit (Pits 1, 2 and 3; Tables 8, 9; Figure 9). In particular, closely-spaced RC drilling in Pit 2 indicates that significant mineralization exists below the base of the current pit floor and to the far western limits of the pit, suggesting potential for more exploration.

Table 8: Significant new open pit core drill results

Hole ID	Hole Compl. Date	Total Hole Length (m)	Intercept Easting (Mine Grid)	Intercept Northing (Mine Grid)	Intercept RL (Mine Grid)	Drilled Width (m)	Intercept Angle	True Width (m)	Grade (g/t)
DDP2014-001	9/08/14	250.3	754.016	1012.889	-103.819	1.0			3.37
			752.499	981.656	-131.856	1.0			1.58
DDP2014-003	1/09/14	63	1561.114	657.404	-94.806	1.0	45	0.66	1.08
			1551.329	631.645	-118.59	1.0			0.91
DDP2014-006	15/09/14	79.2	1572.598	652.494	-115.001	1.0			0.87
DDP2014-007	17/09/14	60.9	1717.779	585.065	-134.82	1.0			5.50
DDP2014-008	19/09/14	80	1709.643	582.22	-126.53	2.0	42	1.29	2.35
			1708.85	585.39	-132.034	3.0	45	2.08	44.95
DDP2014-010	21/09/14	50.1	1686.947	584.393	-125.799	2.0			0.40
			1686.48	586.31	-130.933	7.0			54.97
DDP2015-001	5/05/15	190.8	2201.393	316.365	-93.952	0.9	14	0.16	45.80
			2198.585	344.538	-116.09	1.02	45	0.68	1.78
			2192.429	416.477	-173.36	3.1	51	2.37	0.74
			2190.998	438.572	-191.105	0.35	52	0.24	3.35
DDP2015-006	21/05/15	160.39	2049.618	240.83	-116.218	0.3	43	0.16	2.96

Note: True width is only stated where the orientation of the veins intercepted is clear (refer text for information on intersecting vein sets)

Table 9: Significant new open pit RC drill results

Hole ID	Hole Compl. Date	Total Hole Length (m)	Hole Dip	Hole Azimuth	Intercept Easting (Mine Grid)	Intercept Northing (Mine Grid)	Intercept RL (Mine Grid)	Drilled Width (m)	Au Grade (g/t)
RC2014-242	13/11/14	32	-40	359.483	936.313	656.162	-52.977	5.0	0.694
					936.265	661.524	-57.476	1.0	1.000
					936.206	668.035	-62.94	12.0	0.758
					936.133	676.078	-69.689	3.0	1.000
RC2014-243	17/11/14	32	-40	359.858	921.634	655.313	-52.639	6.0	0.838
					921.611	664.889	-60.674	1.0	1.000
RC2014-244	17/11/14	32	-40	0.72	907.057	658.054	-54.761	9.0	0.801
					907.226	671.459	-66.01	12.0	0.918
RC2014-245	17/11/14	24	-40	182.344	906.624	643.01	-56.634	11.0	0.747
RC2014-246		30	-40	0.431	892.521	659.256	-55.461	4.0	0.755
					892.564	665.001	-60.282	3.0	0.670
					892.596	669.214	-63.818	2.0	1.000
RC2014-248	17/11/14	24	-40	179.119	876.314	650.58	-51.26	2.0	6.225
RC2014-250	19/11/14	24	-40	178.268	861.86	648.948	-53.308	3.0	8.780
RC2014-251	19/11/14	32	-40	0.343	847.07	659.739	-54.958	1.0	0.420
RC2014-252	19/11/14	24	-40	182.572	846.831	648.611	-54.342	3.0	63.153
RC2014-254	20/11/14	24	-40	182.078	830.605	650.494	-52.837	1.0	0.570
RC2014-255	21/11/14	32	-40	0.893	821.12	675.748	-68.421	1.0	2.630
RC2014-257	21/11/14	32	-40	359.48	838.805	703.985	-59.753	1.0	6.480
RC2014-258	21/11/14	32	-40	0.128	853.427	705.531	-58.564	1.0	1.300
RC2014-259	22/11/14	24	-40	179.565	853.447	688.144	-55.284	1.0	0.530
RC2014-261	22/11/14	32	-40	1.032	830.893	701.561	-55.505	1.0	0.650
					830.935	703.859	-57.433	1.0	0.660
RC2014-262	1/10/14	32	-40	359.4	809.455	701.779	-61.869	1.0	0.450
RC2014-263	1/12/14	32	-40	358.768	794.868	698.865	-52.369	1.0	1.070
RC2014-265	2/12/14	32	-40	0.789	809.887	674.05	-64.518	1.0	0.800
RC2014-267	2/12/14	32	-40	359.204	794.974	662.485	-50.838	1.0	0.490
					794.953	664.017	-52.124	1.0	3.100
					794.846	671.677	-58.552	3.0	6.083
RC2014-268	2/12/14	24	-40	180.624	794.987	659.771	-51.243	1.0	1.580
RC2014-270	3/12/14	32	-40	1.351	763.043	693.579	-59.986	1.0	1.440
RC2014-272	4/12/14	24	-40	181.719	747.751	690.472	-53.382	2.0	1.015
RC2014-273	4/12/14	32	-40	359.727	795.043	741.005	-57.483	5.0	7.164
					795.021	745.602	-61.34	1.0	0.740
					795.01	747.9	-63.268	1.0	0.470
					794.975	755.177	-69.375	2.0	54.450
RC2014-274	4/12/14	32	-40	1.635	795.334	723.93	-57.659	1.0	1.620
RC2014-275	5/12/14	32	-40	359.592	778.842	727.909	-59.569	1.0	0.820
					778.79	735.187	-65.676	2.0	0.555
RC2014-276	5/12/14	32	-40	358.832	778.544	749.484	-60.617	1.0	0.760
RC2014-278	5/12/14	32	-40	359.538	748.117	725.294	-57.614	4.0	1.855
					748.068	731.422	-62.756	6.0	6.393
RC2014-280	6/12/14	24	-40	179.752	741.124	690.547	-62.817	1.0	0.490
RC2014-281	6/12/14	32	-40	0.741	733.455	723.936	-59.446	2.0	1.530
					733.499	727.383	-62.339	1.0	0.430
RC2014-282	8/12/14	32	-40	1.869	742.146	756.647	-68.03	8.0	3.219

Underground

Table 10: Significant new underground core drill intercepts

Hole ID	Hole Compl. Date	Total Hole Length (m)	Intercept Easting (Mine Grid)	Intercept Northing (Mine Grid)	Intercept RL (Mine Grid)	Drilled Width (m)	Intercept Angle	True width (m)	Gold Grade (g/t)
DDU2014-018	9/10/14	329.1	1060.02	1269.536	-265.601	1.00			3.51
			1077.493	1238.825	-256.45	2.00			19.96
DDU2014-019	20/10/14	332.3	1065.278	1259.168	-267.623	2.00			3.24
DDU2014-020	2/11/14	299.5	1647.686	1522.67	-430.075	1.00			5.24
			1579.789	1627.303	-498.979	1.00			138.50
DDU2014-021	11/11/14	300.7	1782.144	1286.338	-349.878	13.50			5.28
			1805.113	1238.775	-346.15	4.60			20.44
			1816.055	1215.496	-344.151	1.00			4.54
DDU2014-024	6/12/14	301.2	1219.185	1088.864	-213.702	3.00			1.48
			1215.018	1078.388	-210.22	3.00			2.24
			1208.491	1062.22	-204.914	2.05			3.24
DDU2014-025	12/12/14	203.2	1268.147	1107.576	-216.372	3.20			1.24
			1308.984	1035.162	-186.923	6.00			8.39
			1317.188	1021.782	-181.516	2.40			2.45
			1322.741	1012.626	-177.829	6.75			1.76
			1326.772	1005.814	-175.094	3.00			1.92
DDU2015-002	20/01/15	302.5	1088.649	1095.74	-231.54	0.20	40	0.08	24.30
DDU2015-004	12/02/15	299.8	1082.563	1510.302	-358.003	0.25	75	0.22	300.00
			1077.028	1519.813	-361.827	2.05	60	1.74	1.74
			1054.981	1557.212	-376.803	0.70	50	0.49	10.55
			1044.014	1575.673	-384.166	0.90	30	0.39	7.59
			1023.623	1609.752	-397.756	1.55	50	1.15	13.67
DDU2015-005	22/02/15	299.8	1072.512	1610.767	-399.197	4.80			1.22
			1066.427	1621.835	-403.519	2.50	59	2.11	3.45
			1041.585	1667.042	-420.798	0.40			13.05
			1027.244	1693.315	-430.531	3.25			73.37
DDU2015-006	6/03/15	296.55	1274.891	1577.131	-400.275	0.80	52	0.59	5.01
			1260.021	1602.518	-409.634	2.05			19.16
			1200.648	1703.247	-445.146	0.95	10	0.17	4.59
DDU2015-007	11/03/15	302.7	1421.849	1556.087	-389.979	3.40			6.70
			1403.268	1589.976	-403.129	0.55	50	0.38	7.62
			1387.382	1619.84	-414.382	1.45			56.97
			1355.12	1683.154	-437.169	1.60	24	0.59	6.59
			1352.197	1689.011	-439.186	1.50	47	1.05	2.79
DDU2015-008	19/03/15	254	1742.286	1327.466	-354.943	1.55	69	1.42	5.72
			1769.492	1277.924	-355.416	3.00			5.19
			1797.189	1226.307	-355.027	3.80	70	3.55	3.12
DDU2015-009	25/03/15	224.7	1760.353	1319.92	-356.626	4.40	72	4.16	1.48
			1777.083	1306.21	-358.009	12.75			1.46
			1787.185	1297.798	-358.883	3.70	32	1.64	3.93
DDU2015-010	29/03/15	180	1237.512	1125.146	-226.163	0.55	22	0.38	10.94
			1261.426	1085.832	-211.735	0.60	52	0.43	9.99
			1276.373	1060.702	-202.217	7.90	79	0.76	1.30
DDU2015-011	2/04/15	186.6	1326.844	1139.585	-223.528	16.00			8.83
			1335.779	1122.423	-219.694	0.45	48	0.29	11.96
			1369.264	1054.401	-205.857	0.30	61	0.23	14.86
DDU2015-012	6/04/15	182.8	1323.938	1120.075	-218.766	2.45	62	2.13	4.12
			1324.536	1101.789	-214.384	0.35			396.81
DDU2015-013	9/04/15	175.8	1331.163	1119.899	-218.944	0.60			7.24
			1335.689	1104.043	-215.357	0.25	82	0.24	130.78
			1347.118	1062.138	-205.8	1.10	68	1.00	33.49
DDU2015-014	12/04/15	164.8	1343.926	1109.338	-218.246	0.25	80	0.23	21.73

Several new underground intercepts have demonstrated that economic mineralization occurs along strike from the existing Main, Central and Lake zones, while new across-strike vein systems containing high-grade gold intercepts have been discovered immediately north of the currently defined Lake Zone area. As such, the current extent of mineralization in the underground environment remains open to the north, east and west. Drilling in these areas will be infilled to build the underground Indicated and Inferred resource inventories.

Table 11: Significant new results from the detailed underground test drilling program

Hole ID	Hole Compl. Date	Total Hole Length (m)	Hole Dip (Mine Grid)	Hole Azimuth (Mine Grid)	Intercept Easting (Mine Grid)	Intercept Northing (Mine Grid)	Intercept RL (Mine Grid)	Drilled Width (m)	Intercept Angle	Intercept True width (m)	Gold Grade (g/t)
DDT2015-001	20/01/15	104.9	-5.5	149.7	1981.101	923.449	-335.912	1.00	40	0.59	4.39
DDT2015-002	22/01/15	110.6	-17.5	149.7	1980.167	927.032	-349.02	2.53	64	2.25	3.04
					1986.16	916.834	-352.673	1.77	62	1.53	5.04
DDT2015-003	24/01/15	90.1	-30.9	150.1	1947.262	982.96	-331.137	2.56	40	0.6	1.35
					1964.933	952.656	-352.339	1.42	15	0.31	12.56
DDT2015-004	30/01/15	107.7	-7.3	149.9	1968.648	906.077	-336.74	8.28	45	5.81	4.96
DDT2015-005	2/02/15	109.3	-17.6	149.6	1977.798	976.701	-326.742	0.56	20	0.13	17.54
DDT2015-006	4/02/15	92.4	-29.6	149.6	1977.533	977.142	-326.151	0.52	37	0.26	173.50
					1946.207	945.216	-348.24	16.66			1.58
DDT2015-007	6/02/15	104	-6.7	150.5	1983.961	958.527	-332.689	2.47	80	2.42	1.91
					1992.099	944.414	-334.741	3.75	55	3.03	1.82
DDT2015-008	10/02/15	109.8	-17.6	150.5	1969.723	983.504	-332.19	1.00	35	0.52	4.45
					1993.168	942.521	-347.333	4.31	73	4.1	1.65
					1999.896	930.865	-351.671	0.23			23.16
DDT2015-009	13/02/15	95.4	-30.4	150.7	1983.05	959.52	-353.237	1.34	50	0.98	14.43
					1992.224	943.055	-364.457	0.77			4.83
DDT2015-010	16/02/15	107.7	-7.8	150.8	2005.681	961.945	-334.096	0.20	37	0.07	31.14
DDT2015-011	17/02/15	110.5	-16.9	150.8	1996.262	978.875	-336.532	0.55	65	0.47	18.52
					2020.645	934.266	-352.546	0.21	78	0.19	22.98
DDT2015-012	19/02/15	91	-31.2	151.0	2001.991	968.146	-352.816	10.83			3.98
					2004.1	964.27	-355.52	0.48	46	0.35	38.7

The Test Drilling Program (DDT diamond drilling program) has used oriented drill core to successfully identify mineralized veins of several different orientations within the Main Zone of the mine. These veins strike at an oblique angle to the dominant vein direction and commonly contain higher than average gold grades. The use of oriented, closely-spaced drilling has allowed for a detailed understanding of a geologically complex area within the mine.

District Targets— Rönnberget

The Rönnberget prospect lies some 5 km due-east from the current open-pit operations. Drilling intercepts from 2014, previously unreleased, indicate that high grades exist in albite-altered rock units (with associated veinlets) over a strike length of at least 100 m (Table 12; Figure 11). While the geological setting of the area remains ambiguous, these drilling results indicate that there is substantial scope for future exploration at Rönnberget.

Table 12: Significant intercepts from Rönnberget core drilling

Hole ID	Hole Compl. Date	Total Hole Length (m)	Intercept Easting (Mine Grid)	Intercept Northing (Mine Grid)	Intercept RL (Mine Grid)	Drilled Width (m)	Intercept Angle	True Width (m)	Grade (g/t)
DDP2014-001	9/08/14	250.3	754.016	1012.889	-103.819	1.0			3.37
			752.499	981.656	-131.856	1.0			1.58
DDP2014-003	1/09/14	63	1561.114	657.404	-94.806	1.0	45	0.66	1.08
			1551.329	631.645	-118.59	1.0			0.91
DDP2014-006	15/09/14	79.2	1572.598	652.494	-115.001	1.0			0.87
DDP2014-007	17/09/14	60.9	1717.779	585.065	-134.82	1.0			5.50
DDP2014-008	19/09/14	80	1709.643	582.22	-126.53	2.0	42	1.29	2.35
			1708.85	585.39	-132.034	3.0	45	2.08	44.95
DDP2014-010	21/09/14	50.1	1686.947	584.393	-125.799	2.0			0.40
			1686.48	586.31	-130.933	7.0			54.97
DDP2015-001	5/05/15	190.8	2201.393	316.365	-93.952	0.9	14	0.16	45.80

Challacollo

- At the **Challacollo** Ag-Au project in northern Chile:
  - The Mineral Resource is unchanged since publication in March, 2015.
  - Mine design, metallurgy, plant design, infrastructure design is complete.
  - Identification of suitable water supply remains pending.
  - EIS application is awaiting resolution of the water supply.

The feasibility study for Challacollo development is nearly complete.

- In Q1, 2015 Mandalay published an updated 43-101 Technical Report for Challacollo, including a new resource estimate incorporating results of the 2014 diamond-drilling program.

Table – 13 The estimated mineral resource for the Challacollo deposit

Classification	M Tonnes	Ag g/t	Au g/t	Contained Ag (Moz)	Contained Au (koz)
Indicated	4.7	200	0.32	30.2	48.4
Inferred	1.6	134	0.31	6.9	15.9

Notes:

1. *Mineral Resources estimated as of 31 December, 2014*
2. *Mineral Resources stated according to CIM guidelines*
3. *Mineral Resources are estimated at a cut-off grade of 60 g/t Ag as interpreted and modelled using Geovia Surpac software*
4. *A density 2.45 g/cm³ is used as a base density with adjustments according to the variation of the estimated barium, lead and zinc grades*
5. *No capping of Ag grades has been applied due to low-grade variability. Au grades have been capped at 3 g/t for two sample composites 4.57 g/t Au and 4.11 g/t Au respectively.*

Work completed to date by consultants on design of the underground mine, processing plant, tailing storage and project infrastructure has been advanced sufficiently for preparation of the Environmental Impact Study application (EIS). The development option being evaluated for Challacollo consists of the following components:

- Underground mine with ramp access for longhole open stoping to produce 1,800 tpd mill feed;
- Processing plant with 3-stage crushing, single-stage milling, agitated cyanide leach circuit, Merrill Crowe plant to produce a silver-gold doré and tailing filtration to recover water and cyanide;
- The extensive metallurgical testing program confirmed cyanidation as the most appropriate method and silver recovery to doré of 93%;
- Dry stack tailing storage facility;
- On-site infrastructure support facilities, to include camp accommodation for up to 250 people during the operating phase;
- Electrical power supply via connection to the SING grid;
- New site access road (15 km)

However, while the study has confirmed that water supply of 12 litres/second is required for the operation, as of June 30, 2015, a suitable source of water has yet to be developed. Alternatives being evaluated include a well field on the property and off-site water sources.

Data collection and the compilation of results of surveys required to develop the environmental baseline continues and estimating of project impacts for the EIA has commenced. Baseline parameters under investigation include; flora, fauna, ground and surface water quality, air quality, meteorology, archaeology and social / community.

Stakeholder identification for Challacollo is complete. The active community engagement phase, designed to communicate the Company's plans and elicit community feedback, is underway. Company and project presentations have been made to seven stakeholder groups and guided site visits by interested parties are being conducted.

Mandalay has decided to postpone submitting its EIS permit application until a suitable water source has been identified. This will avoid having to permit the water source itself in a second application.

While it develops the alternatives for sourcing water, Mandalay has options to conduct another round of exploration drilling to increase Mineral Resources and to optimize plant design, capital cost, and operating cost estimates to improve planned financial outcomes.

Qualified Persons:

Costerfield: Chris Gregory, Vice President of Operational Geology and Chief Shield Geologist, is a Member of the Australian Institute of Geoscientists (AIG), and a Qualified Person as defined by NI 43-101. He has reviewed and approved the technical and scientific information about Costerfield contained in this release.

Cerro Bayo: Scott Manske, Chief Cordilleran Geologist of Mandalay Resources, is an Oregon registered Professional Geologist. A "Qualified Person" as defined by NI 43-101, he has reviewed and approved the technical and scientific information on Challacollo contained in this release.

Björkdal: Chris Gregory, Vice President of Operational Geology and Chief Shield Geologist, is a Member of the Australian Institute of Geoscientists (AIG), and a Qualified Person as defined by NI 43-101. He has reviewed and approved the technical and scientific information about Björkdal contained in this release.

Challacollo: Scott Manske, Chief Cordilleran Geologist of Mandalay Resources, is an Oregon registered Professional Geologist. A "Qualified Person" as defined by NI 43-101, he has reviewed and approved the technical and scientific information on Challacollo contained in this release.

For further information:
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About Mandalay Resources Corporation:
Mandalay 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 statements regarding the Company's Mineral Resources, Mineral Reserves (including anticipated increases of each), ongoing exploration plans and goals. 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 current or future 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.