Mandalay Resources Corporation Announces Financial Results for the Fourth Quarter and Full Year, 2014, and Quarterly Dividend

TORONTO, ON, February 17, 2015 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today revenue of $67 million, adjusted EBITDA of $21.5 million and net profit of $7.6 million or $0.02 per share for the fourth quarter of 2014. The Company's audited consolidated financial results for the three months and year ended December 31, 2014, 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 $4,018,360 (6% of the trailing quarter's gross revenue), or $0.0098 per share (CDN$ 0.0121 per share), payable on March 9, 2015 to shareholders of record as of February 27, 2015.

Brad Mills, Chief Executive Officer of Mandalay, commented, "Record production and sales during the quarter and the year has translated into strong financial performance even with the lower commodity prices in 2014 compared to 2013. Cash operating costs continued to improve during the quarter: Cerro Bayo's cash and all-in sustaining costs ("AISC") in the fourth quarter were $3.95 and $10.37 per ounce ("oz") of silver ("Ag") net of gold ("Au") by-product sales; Costerfield achieved cash costs and AISC of $608 and $884 per gold equivalent ("Au Eq.") oz in the quarter; and Björkdal achieved cash costs of $901 per oz Au and AISC of $1,051 per oz Au. Overall the Company produced 52,601 Au Eq. oz in the fourth quarter at a cash cost of $737/Au Eq. oz and AISC costs of $990/Au Eq. oz. For the year we produced 154,810 Au Eq. oz at a cash cost of $756/ Au Eq. oz and AISC cost of $1,019/Au Eq. oz.

"The Company's year-end cash balance increased to $49 million after spending $53.9 million on capital and exploration, $7.8 million for the acquisition of Challacollo, $23.2 million for the acquisition of Elgin and paying dividends of $9.5 million. Our balance sheet remained very healthy with net assets growing to $218 million. Our current asset ratio, excluding the $60 million gold convertible note due in 2019, was a very strong 3:1, with cash exceeding all current liabilities."

Mr. Mills concluded: "Our exploration and acquisition programs achieved significant success in growing our Mineral Reserves and Resources. Proven and Probable Au Reserves grew by 136% to 709,000 oz as a result of the Elgin acquisition, while Ag Reserves declined slightly and antimony ("Sb") Reserves grew slightly. After excluding La Quebrada, which has been reclassified as an asset held for sale, our Measured and Indicated Resources grew to 1,135,000 oz Au (a 144% increase), 50,785,000 oz Ag (a 70% Increase) and 35,900 t Sb (a 12% increase). We are pleased to reiterate our guidance for 2015, which includes the first full year of production from Björkdal. The Company's focus in 2015 will be on continuing to grow reserves and resources, continuous improvement in our operations and the assessment of opportunistic value adding acquisitions."

Fourth Quarter and Full Year 2014 Financial Highlights

The following table summarizes the Company's financial results for the fourth quarter and full-year of 2014 and 2013:

	Three months ended December 31, 2014	**Three months ended December 31, 2013**	**Year ended December 31, 2014**	**Year ended December 31, 2013**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	66,973	39,058	184,629	166,906
Adjusted EBITDA	21,463	13,920	64,435	67,699
Income From Mine Operations Before Depreciation and Depletion	25,721	15,798	75,446	75,608
Net Income	7,588	4,435	17,576	29,442
Total Assets	365,101	196,772	365,101	196,772
Total Liabilities	146,323	43,190	146,323	43,190
Earnings per Share	0.02	0.01	0.05	0.09

The increases in revenue, adjusted EBITDA and profit during the fourth quarter of 2014 over the same quarter in 2013 were principally due to the higher volumes sold and the addition of Björkdal mine from September 10, 2014.

Net income is inclusive of a non-cash, non-operating gain of $87 thousand related to mark-to-market adjustments of financing warrants, loss of $129 thousand related to marketable securities, gain of $1,780 thousand for the derivative portion of five year exchangeable bonds, $ 176 thousand related to oil derivative and deferred tax recovery of $512 thousand. Excluding these items, gain after tax from underlying operations for the fourth quarter was $5,514 thousand ($0.02 per share). By comparison, in the fourth quarter of 2013 the Company's net income of $4,435 thousand ($0.01 per share) was inclusive of non-cash, non-operating loss of $605 thousand related to mark-to-market adjustment of an AUD/USD currency option, non-operating gain of $28 thousand related to financing warrants and non-cash deferred tax recovery of $55 thousand. Excluding these items, income after tax from underlying operations in the fourth quarter of 2013 was $4,957 thousand ($0.01 per share).

On November 27, 2014, Mandalay paid a quarterly dividend in the aggregate amount of $2,093,733 (CDN$ 0.0058 per share). Cash and cash equivalents of the Company were $49 million as of December 31, 2014, compared to $33.5 million as of December 31, 2013.

Fourth Quarter 2014 Operational Highlights

Costerfield gold-antimony mine, Victoria, Australia

In the fourth quarter of 2014, Costerfield produced 11,126 oz of saleable Au and 926 tonnes of saleable antimony, versus 6,845 oz Au and 805 t Sb in the fourth quarter of 2013.

Cash cost per Au Eq. oz produced in the fourth quarter of 2014 was $608 versus $850 in the fourth quarter of 2013. The site all-in cost per Au Eq. oz produced in the fourth quarter of 2014 was $885, versus $1,085 in the fourth quarter of 2013.

Cerro Bayo silver-gold mine, Patagonia, Chile

During the fourth quarter of 2014, the Cerro Bayo mine produced 1,021,189 oz of saleable Ag and 9,052 oz of saleable Au, versus 878,542 oz Ag and 5,272 oz Au in the fourth quarter of 2013. The variation in production quantities is attributable to the greater volumes mined and processed in the current quarter.

Cash cost per oz Ag produced net of Au by-product was $3.95 during the fourth quarter of 2014, lower than the $6.74 in the fourth quarter of 2013. Site all-in costs were $10.37/oz versus $11.51/oz in the previous year.

Björkdal gold mine, Sweden

In the fourth quarter of 2014, Björkdal produced 11,458 oz of saleable Au.

Cash cost per gold equivalent ounce produced in the fourth quarter of 2014 was $870. The site all-in cost per Au Eq. oz produced in the fourth quarter of 2014 was $1,024.

The following table summarizes the Company's capital expenditure and unit costs for the years ended December 31, 2014 and December 31, 2013:

	Year ended December 31, 2014	Year ended December 31, 2013
	$'000	$'000
Capital development	23,803	20,316
Capital purchases	16,650	14,068
Capital exploration	14,265	8,329
Cerro Bayo: Cash cost per oz Ag produced net of Au byproduct credit	$5.30	$6.84
Cerro Bayo: Site all-in cost per oz Ag produced net of Au byproduct credit	$11.36	$12.07
Costerfield: Cash cost per oz Au equivalent produced	$771.56	$818.62
Costerfield: Site all-in cost per oz Au equivalent produced	$1,035.52	$1,062.43
Björkdal: Cash cost per oz Au equivalent produced[1]	$869.99	NA
Björkdal: Site all-in cost per oz Au equivalent produced[1]	$1,023.61	NA
Company Average Cash Cost per oz Au Eq. Oz	$755.97	$767.45
Company Average All-in Cost per oz Au Eq. Oz.	$1,018.64	$1,012.75

[1] Björkdal year-end represents period from September 10, 2014 to December 31, 2014.

2014 Actual Saleable Production vs Guidance

Production	Total 2014 Actual Production	2014 Guidance
Silver	3,329,519 oz	3.0-3.2 million oz
Gold	77,900 oz	60,000 – 70,000 oz
Antimony	3,639 t	3,000 – 3,300 t
Au Eq. Production	154,810 oz	130,000 – 143,000 oz

Production, Capital and Cost Guidance for 2015

Mandalay reiterates the following production, cost, and capital expenditure guidance for 2015.

	Total	Cerro Bayo	Costerfield	Björkdal
Saleable gold production	101,000 – 116,000 oz	23,000 – 27,000 oz	32,000 – 37,000 oz	46,000-52,000 oz
Saleable silver production	2.7 – 3.1 million oz	2.7 – 3.1 million oz		
Saleable antimony production	3,200 – 3,500 t		3,200 – 3,500 t	
Gold equivalent production	167,000 Au Eq. ozs.- 185,000 Au Eq. ozs.			
Cash cost $/oz silver net by-product		6.00 – 8.00		
Cash cost $/oz gold or gold equivalent			625 – 750	850-950
Capital expenditure ($ million)	38-44	12-14	16-18	10-12
Exploration ($ million)	7	3	1	3

Conference Call

Mandalay Management will be hosting a conference call for investors and analysts on February 18, 2015 at 8:00 am (Toronto time). Analysts and interested investors are invited to participate using the following dial-in numbers:

Participant Number (International/Local): (416) 764-8688
Participant Number (Toll free North America): (888) 390-0546
Conference ID: 53222930

A replay of the conference call will be available until 23:59 pm (Toronto time), March 4, 2015 and can be accessed using the following dial-in numbers:

Encore Toll Free Dial-in Number: 1-888-390-0541
Local Dial-in-Number: (416) 764-8677
Encore ID: 222930#

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, 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 in future year or years. 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 28, 2014 and its final prospectus dated September 2, 2014, copies of which are 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 12 of management's discussion and analysis of the Company's financial statements for the fourth quarter of 2014.

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 2013 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.