



Mandalay Resources Corporation Announces Production and Sales Results for the Fourth Quarter and Full Year of 2014

TORONTO, ON, January 12, 2015 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today its production and sales results for the fourth quarter and full year of 2014.

Brad Mills, Chief Executive Officer of Mandalay, commented, "We are pleased to report that Mandalay produced a quarterly record of 52,601 saleable ounces of gold equivalent in the fourth quarter of 2014 and achieved record annual production of 154,810 gold equivalent ounces for 2014 (2014 annual guidance was 141,000 – 156,000 gold equivalent ounces). Record quarterly and annual production of gold and silver was achieved at Cerro Bayo and record quarterly and annual gold and annual antimony production was achieved at Costerfield. These record results reflect ongoing operational improvements from 2009 at Costerfield, and from 2010, at Cerro Bayo, when these assets were acquired by the Company. Björkdal, acquired in September of 2014, started its significant contribution to Mandalay's production profile in the fourth quarter."

"Mandalay's sales for the quarter of 56,680 ounces of gold equivalent and for the full year of 149,349 ounces of gold equivalent also represent period records."

Mr. Mills continued, "Underlying the record performance at Cerro Bayo was the successful ramp-up of mining and processing rates from an average of 1,200 tonnes per day to 1,400 tonnes per day during 2014. As well, in the third and fourth quarters, we realized the metallurgical recovery improvement gains anticipated from our plant automation project as bottlenecks and inefficiencies in the flotation circuit were eliminated. At Costerfield, factors contributing to the record performance include the successful transition to mining in the Cuffley lode, the transition to mining at 10 meter stopes versus the 5 meter traditional stope heights, and steadily increasing mining and processing rates. The implementation of value creating and sustainable operational improvements at both Cerro Bayo and Costerfield demonstrate key aspects of the Mandalay strategy.

"At Björkdal, our initial operational results have been in line with our expectations. Initial improvements to the operation have included eliminating the processing of low-grade material from historic stockpiles, and improving ore management processes to increase the production of normal ore grade material from current mining to fill all available mill capacity. We expect the first Mandalay-generated Mineral Resource and Reserves estimate with a detailed mine plan for Björkdal to be available in the first quarter of 2015. Additionally we have initiated a major program of investigation to determine potential metallurgical improvements in the plant. Significant work is also underway to improve overall grade control within the operation, again reflecting our cycle of operational improvements in the acquisitions."

Mr. Mills concluded, "We are pleased to reiterate our previous guidance for 2015 production of 167,000 – 185,000 gold equivalent ounces as a result of our excellent operational performance in the final quarter of 2014."

Saleable production for the three months ended December 31, 2014:

- The Company produced a total of 31,636 ounces ("oz") gold ("Au"), 926 tonnes ("t") antimony ("Sb"), and 1,021,189 oz silver ("Ag"), representing a total of 52,601 oz of gold equivalent ("Au Eq.") production.
- Production at Costerfield (Australia) was 11,126 oz Au and 926 t Sb, greater volumes of both metals than in the fourth quarter of 2013. The production increase was due to higher tonnages and grades mined and processed.
- Production at Cerro Bayo (Chile) was 9,052 oz Au and 1,021,189 oz Ag, higher than the year-ago-quarter, mainly due to higher tonnages processed.
- Production at Björkdal (Sweden) was 11,458 oz Au, which was not owned by Mandalay in the year-ago-quarter.

Saleable production for the Year ended December 31, 2014:

- The Company's production totaled 77,900 oz Au, 3,639 t Sb, and 3,329,519 oz Ag, representing a total of 154,810 oz of Au Eq., a new record.
- Production at Costerfield was 35,751 oz Au and 3,639 t Sb.
- Production at Cerro Bayo was 27,600 oz Au and 3,329,519 oz Ag.
- Production at Björkdal (Sweden) was 14,549 oz Au. (Björkdal was acquired on the 9th of September 2014, accordingly the production figure relates to the period between the 10th of September and 31st of December 2014).

Table 1 – Fourth Quarter and Annual Saleable Production for 2014 and 2013

Metal	Source	Three months to 31 December 2014	Three months to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2013
Gold (oz)	Costerfield	11,126	6,845	35,751	28,758
	Cerro Bayo	9,052	5,272	27,600	21,482
	Björkdal	11,458	-	14,549	-
	Total	31,636	12,117	77,900	50,240
Antimony (t)	Costerfield	926	805	3,639	3,275
Silver (oz)	Cerro Bayo	1,021,189	878,542	3,329,519	3,145,537
Average quarterly prices:					
Gold US\$/oz		1,199	1,271		
Antimony US\$/tonne		9,004	9,940		
Silver US\$/oz		16.45	20.76		
Au Eq. (oz) ¹	Costerfield	18,078	13,143	62,889	52,911
	Cerro Bayo	23,065	19,627	77,372	73,997
	Björkdal	11,458	-	14,549	-
	Total	52,601	32,770	154,810	126,908

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, 2014:

- The Company sold 33,107 oz Au, 1,151 t Sb, and 1,087,776 oz Ag, representing a total of 56,680 oz Au Eq.
- Costerfield sold 12,098 oz Au and 1,151 t Sb.
- Cerro Bayo sold 8,894 oz Au and 1,087,776 oz Ag.
- Björkdal sold 12,115 oz Au.

Sales for the Year ended December 31, 2014:

- The Company sold 76,020 oz Au, 3,506 t Sb, and 3,168,211 oz Ag, representing a total of 149,349 oz Au Eq., a record.
- Costerfield sold 35,333 oz Au and 3,506 t Sb.
- Cerro Bayo sold 25,278 oz Au and 3,168,211 oz Ag.
- Björkdal sold 15,409 oz Au. (Bjorkdal was acquired on the 9th of September 2014, accordingly the sales figure relates to the period between the 10th of September and the 31st of December 2014).

Table 2 – Fourth Quarter and Annual Sales for 2014 and 2013

Metal	Source	Three months to 31 December 2014	Three months to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2013
Gold (oz)	Costerfield	12,098	7,620	35,333	27,883
	Cerro Bayo	8,894	4,958	25,278	21,612
	Björkdal	12,115	-	15,409	-
	Total	33,107	12,578	76,020	49,495
Antimony (t)	Costerfield	1,151	959	3,506	3,254
Silver (oz)	Cerro Bayo	1,087,776	769,120	3,168,211	3,148,886
Average quarterly prices:					
Gold US\$/oz		1,199	1,271		
Antimony US\$/tonne		9,004	9,940		
Silver US\$/oz		16.45	20.76		
Au Eq. (oz) ²	Costerfield	20,744	15,123	61,496	51,941
	Cerro Bayo	23,821	17,525	72,444	74,154
	Björkdal	12,115	-	15,409	-
	Total	56,680	32,648	149,349	126,095

²Quarterly 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.

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, 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 28, 2014, 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.