

## PRESS RELEASE

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### **MANDALAY RESOURCES CORPORATION AND WEST FACE CAPITAL INC ANNOUNCE C\$44 MILLION SECONDARY OFFERING**

**TORONTO, ON, August 14, 2014** – Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) and a fund advised by West Face Capital Inc. ("West Face") today announced that West Face has entered into an agreement with BMO Capital Markets (the "Underwriter") and the Company to complete a secondary offering, on a bought deal basis, under which BMO Capital Markets has agreed to purchase 40,000,000 common shares of the Company (the "Common Shares") held by West Face at a purchase price of C\$1.10 per Common Share for gross proceeds of C\$44,000,000. West Face has granted the Underwriter an option, exercisable at the offering price for a period of 30 days following the closing of the Offering, to purchase up to an additional 6,000,000 Common Shares to cover over-allotments, if any, and for market stabilization purposes. The maximum gross proceeds of the offering will be C\$50,600,000 should this option be exercised in full. The Company will not receive any proceeds from the offering.

West Face is Company's largest shareholder and currently owns approximately 40.1% of the Company's issued and outstanding Common Shares. Following the closing of the offering, West Face will continue to hold 96,987,938 common shares of the Company, representing approximately 28.4% of the outstanding shares. If the over-allotment option is exercised in full, West Face will hold 90,987,938 common shares of the Company, representing approximately 26.6% of the outstanding shares <sup>(1)</sup>.

"West Face has been a significant shareholder of Mandalay since 2010, and we have been very pleased with our investment," said Greg Boland, President & CEO of West Face. "Given the market value of our holding in Mandalay relative to the market capitalization, we have decided at this time to monetize a portion of our investment. We will continue to retain a significant stake in Mandalay and look forward to the continued growth of our investment," said Mr. Boland.

The Common Shares will be offered by way of a short form prospectus in all of the provinces and territories of Canada, excluding Quebec and may also be offered by way of private placement in the United States. A preliminary short-form prospectus relating to the offering will be filed with the applicable Canadian securities regulatory authorities no later than August 20, 2014. The offering is subject to certain conditions, including the receipt of all necessary regulatory approvals. The offering is expected to close on or about September 9, 2014.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

1. 24.8% pro-forma Elgin acquisition (assuming maximum amount of shares issued) expected to close on or about September 10, 2014.

#### **About Mandalay Resources Corporation:**

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia and producing and development projects in Chile. Mandalay is focused on executing a rollup strategy, creating critical mass by aggregating advanced or in-production gold, copper, silver and antimony projects in Australia and the Americas to generate near-term cash flow and shareholder value.

#### **About West Face Capital Inc.:**

West Face Capital Inc. is one of Canada's leading alternative investment managers combining control-through-distressed, high-yield, negotiated finance, proactive equity, and private equity activities. West Face's capabilities are underpinned by a seasoned multi-disciplinary investment team, proprietary

origination channels, deep sector expertise, and the ability to address investment targets in domestic and international markets.

**For further information:**

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**Forward-Looking Statements**

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements related to the terms and timing of the offering (including the over-allotment option) and West Face's analysis and expectations in respect of its investment in Mandalay. 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 June 27, 2013, a copy of which is available under Mandalay's profile at [www.sedar.com](http://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.