



## **Mandalay Resources Corporation Reaches New Three-Year Labour Agreement at its Cerro Bayo, Chile, Silver-Gold Mine**

TORONTO, ON, June 25, 2012 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, MND.WT) announced today that it has reached a new three-year labour agreement with the workforce at its 100% owned Cerro Bayo silver-gold mine in Aysen, Chile, on June 20, 2012.

Brad Mills, Chief Executive Officer of Mandalay, commented: "We are pleased that we have reached a fair and equitable agreement with our workforce on a new three-year labour agreement. This agreement reflects the significant spirit of trust which has been established between management and the workforce through the start-up period. With the mine and concentrator essentially achieving full production in the second quarter, we will build on this relationship to invest in improvements and further expansion. For example, on June 21<sup>st</sup>, the Mandalay Board of Directors approved a \$2.4 million project for the installation of flotation automation equipment in the Cerro Bayo plant that is expected to improve metallurgical recovery by about 2% when completed in the first quarter of 2013. We are actively studying a further mine expansion that could increase Cerro Bayo ore production from the current design rate of 1,200 tonnes per day to a rate of about 1,600 tonnes per day by 2014, with a decision anticipated for the fourth quarter of 2012. As well, we are continuing our 70,000 metre exploration program and expect to release a progress update early in the third quarter of 2012."

### **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 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 and the Americas 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. 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 30, 2012, 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.