



Mandalay Resources Corporation Announces Mailing of Substantial Issuer Bid for All Outstanding Warrants

TORONTO, ON, May 28, 2012 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, MND.WT) announced today that it has commenced its previously announced warrant exchange offer (the "Exchange Offer") and mailed the formal offer to purchase, issuer bid circular and other related documents (collectively, the "Offer Documents") to holders of Mandalay common share purchase warrants (the "**Warrantholders**") and filed the Offer Documents with the applicable securities regulators.

Pursuant to the Offer Documents, Mandalay has offered to purchase all of its outstanding common share purchase warrants (the "Warrants") in exchange for common shares ("Common Shares") on the following basis:

| Warrant Series | Description | Exchange Price |
|----------------|---|--|
| Series 2 | Issued on August 6, 2010 with an exercise price of \$0.33 and an expiry date of August 6, 2012 | 0.58 Common Shares for each Series 2 Warrant |
| Series 3 | Issued on April 22, 2009 with an exercise price of \$0.20 and an expiry date of April 22, 2014 | 0.79 Common Shares for each Series 3 Warrant |
| Series 4 | Issued on July 22, 2009 with an exercise price of \$0.20 and an expiry date of July 22, 2014 | 0.79 Common Shares for each Series 4 Warrant |
| Series 5 | Issued on October 15, 2009 with an exercise price of \$0.465 and an expiry date of October 15, 2014 | 0.47 Common Shares for each Series 5 Warrant |
| Series 6 | Issued on November 30, 2009 with an exercise price of \$0.31 and an expiry date of November 30, 2014 | 0.63 Common Shares for each Series 6 Warrant |
| Series 7 | Issued on November 30, 2009 with an exercise price of \$0.465 and an expiry date of November 30, 2014 | 0.47 Common Shares for each Series 7 Warrant |

The Exchange Offer will be open for acceptance until 5:00 p.m. (Toronto time) on July 3, 2012, unless withdrawn or extended by the Company. The Exchange Offer is not conditional on any minimum number of Warrants being tendered to the Exchange Offer, but is subject to other conditions customary for transactions of this nature.

The full details of the Exchange Offer are contained in the Offer Documents, copies of which are available online at www.sedar.com. Mandalay Warrantholders are encouraged to read the Offer Documents carefully and in their entirety.

None of Mandalay, the Board of Directors or the Special Committee of the Board of Directors makes any recommendation to Warrantholders as to whether to tender or refrain from tendering their Warrants to the Exchange Offer. Warrantholders are strongly urged to consult

their own financial, tax and legal advisors and to make their own decisions whether to tender or refrain from tendering their Warrants to the Exchange Offer.

This press release is for information purposes only and is not an offer to buy or sell or the solicitation of an offer to buy or sell any Warrants or Common Shares.

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.