



Mandalay Resources Corporation Announces Production Results for the First Quarter 2012

TORONTO, ON, April 25, 2012— Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, MND.WT) announced today its production results for the first quarter of 2012.

As shown in table 1 below, for the three months ended March 31, 2012:

- The Company produced a total of 5,880 ounces ("oz") gold ("Au"), 489 tonnes ("t") antimony ("Sb"), and 396,624 oz silver ("Ag"), representing a total of 16,988 oz of gold equivalent production ("Au Eq."). Ag production is a quarterly record, whereas Au and Sb production are second-best quarterly amounts.
- Production at Costerfield (Australia) was 3,690 oz Au and 489 t Sb. These represent the second highest production volumes since Mandalay assumed management of the mine, trailing only the first quarter of 2011. First quarter 2012 production continues the upward trend begun in the fourth quarter of 2011, triggered by the implementation of new management, introduction of new elements to the mobile fleet, shifting of the mining method to cemented rock fill stoping, and planning and scheduling improvements made late in the third quarter of 2011.
- Production at Cerro Bayo (Chile) reached 2,190 oz Au and 396,624 oz Ag as the planned production ramp-up continued approximately on schedule. These amounts represent record quarterly production of Au and Ag since the plant restarted under Mandalay management in early January 2011. The record production was achieved despite approximately eight days of curtailed mining and two weeks of curtailed processing due to limited fuel and explosives supply during several weeks of civil unrest in Aysen Province. Several concentrate shipments were delayed due to the closure of the port of Chacabuco during the unrest. The port is now open; normal shipments have resumed, and catch-up shipments are occurring.

Table 1. Quarterly Mandalay Saleable Mine Production for 2010, 2011, 2012

Metal	Source	Q1, 2010	Q2, 2010	Q3, 2010	Q4, 2010	2010 Total	Q1, 2011	Q2, 2011	Q3, 2011	Q4, 2011	2011 Total	Q1 2012
Gold (oz)	Costerfield	1,483	2,001	1,848	2,330	7,662	4,528	2,856	2,057	2,803	12,244	3,690
	Cerro Bayo	-	-	-	-	-	1,450	1,552	1,567	2,109	6,678	2,190
	TOTAL	1,483	2,001	1,848	2,330	7,662	5,978	4,408	3,624	4,912	18,922	5,880
Antimony (t)	Costerfield	201	282	267	356	1,106	512	413	305	346	1,576	489
Silver (oz)	Cerro Bayo	-	-	-	-	-	339,366	284,324	299,679	395,296	1,318,665	396,624
Average quarterly prices												
Gold US\$/oz		1,108	1,194	1,226	1,367		1,386	1,506	1,702	1,684		1,694
Antimony US\$/tonne		6,482	8,691	9,545	11,083		14,141	15,899	14,893	13,891		12,692
Silver US\$/oz		16.88	18.33	18.89	26.34		31.70	38.54	38.84	31.80		31.78
Au Eq. (oz) ¹	Costerfield	2,659	4,054	3,927	5,216	15,856	9,752	7,216	4,726	5,657	27,351	7,356
	Cerro Bayo	-	-	-	-	-	9,212	8,828	8,406	9,574	36,020	9,631
	Total	2,659	4,054	3,927	5,216	15,856	18,964	16,044	13,132	15,231	63,370	16,988

¹ Au Eq. oz produced is calculated by multiplying the saleable quantities of Au, Ag, and Sb in the quarter by the respective average market prices of the commodities in the quarter, 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 quarter. Average Au price in the quarter is calculated as the average of the daily LME PM fixes in the quarter, with price on weekend days and holidays taken from the last business day; average Sb price in the quarter is calculated as the average of the daily average of the high and low Rotterdam warehouse prices for all days in the quarter, with price on weekend days and holidays taken from the last business day; average Ag price in the quarter is calculated as the average of the daily London Broker’s silver spot price for all days in the quarter, with price on weekend days and holidays taken from the last business day. The source for all prices is www.metalbulletin.com.

Brad Mills, Chief Executive Officer of Mandalay, commented: “We are pleased with the record production from Cerro Bayo in the first quarter of 2012, as the ramp up of mining continues on track. While mine production volumes were minimally impacted by the civil unrest experienced during the first quarter in Aysen Province, Chile, ore stockpiles did accumulate during the approximately two weeks the concentrator was shut. Concentrate shipment volumes were significantly reduced as the Port of Chacabuco was effectively closed for all of February and March; we expect this reduction to impact first quarter financial performance. Shipments resumed on March 31st and we also have commenced shipping from the Port of Lirquen, which was unaffected by the Aysen unrest. We expect production at Cerro Bayo to increase progressively throughout 2012 as the Delia mine achieves a balance between stoping and development, punctuated in the second quarter by a spike of high production as the ore stockpiles accumulated in the first quarter are processed through the plant.

We have also initiated a feasibility study on the possibility of expanding production at Cerro Bayo from 1,200 to about 1,600 tonnes per day (the approximate capacity of the plant) with accelerated development of the Delia SE mine, for which we received environmental approval in April 2012. A development decision based on this study is expected in late 2012 as we bring the outcome of the study together with results of our continuing drilling program to support expanded production with a longer mine life.”

Mr. Mills further commented: “We are also pleased with the continuing production improvements being shown by the Costerfield mine since the management intervention during the third quarter of 2011. The improvements will be incorporated into our ongoing scoping study of the possibility of developing and mining the high-grade Cuffley lode, less than 500 m from the Augusta lodes being mined today. A development decision is expected in the third quarter of 2012.”

Mr. Mills added: “Our production guidance for the full year 2012 remains unchanged. At the corporate level, we are pursuing a new corporate revolving debt facility that we expect to put in place during the second quarter. We plan to use our growing cash generation plus the new revolver to pay back all of Mandalay’s existing secured debt by the middle of 2012. We also plan to continue to repurchase shares under the normal course issuer bid we launched in November 2011.”

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, including statements regarding the Company's anticipated gold, silver and antimony production and sales in 2012, the timing and amount of planned debt repayments and repurchases of shares under the Company's normal course issuer bid. 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 30, 2012, 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.