

CORRECTION: Mandalay Resources Corporation Announces Production Results for the Fourth Quarter and Full Year, 2011

TORONTO, ON, February 3, 2012 – A correction is being issued in regards to the release sent at 5:47 pm ET on February 1, 2012. The release was issued with the Company's produced gold equivalent ounces in all periods calculated from average realized price, rather than average market price. Gold equivalent ounces calculated from average market price will be the Company's standard going forward. The Company also reiterated its mine-specific metal production guidance for 2012 and here corrects the Company-sum gold production range to be 26,000-34,000 oz. The complete and corrected version follows.

Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, MND.WT) announced today its production results for the quarter and year ended December 31, 2011.

As shown in table 1 below, for the three months ended December 31, 2011:

- the Company produced a total of 4,912 ounces ("oz") gold ("Au"), 346 tonnes ("t") antimony ("Sb"), and 395,296 oz silver ("Ag"), representing 15,227 oz of gold equivalent production ("Au Eq."),
- production at Costerfield (Australia) was 2,803 oz Au and 346 t Sb. These amounts represent a significant increase relative to production in the previous quarter as mine output improved with 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, and
- production at Cerro Bayo (Chile) reached 2,109 oz Au and 395,296 oz Ag as the planned production ramp-up continued approximately on schedule. These amounts represent record quarterly production of gold and silver since the plant restarted under Mandalay management in early January 2011.

As shown in table 1 below, for the year ended December 31, 2011:

- the Company produced a total of 18,922 oz Au, 1,576 t Sb, and 1,318,665 oz Ag, representing 63,351 oz Au Eq., almost four times the 15,854 oz Au Eq. the Company produced in 2010. This compares to November 2011 guidance of 18,000 to 22,000 oz of Au, 1,500,000 to 1,900,000 oz of Ag and 1,500 to 2,500 t of Sb. The principal reason for the lower than expected silver production was below plan grades of silver ore processed in the fourth quarter at Cerro Bayo. As previously discussed in the Company's November 14, 2011, press release, the lower grade was a result of mining lower grade ores found during mine development out of sequence with the mine plan to prevent their permanent sterilization in the upper portion of the Fabiola and Dagny mines. This material, which has been fully accounted for in the 2012 guidance below, will be included as an increase in the end of 2011 resources and reserves update, expected in February or March.

- Costerfield achieved record gold and silver production relative to 2010, its first full year of operation under Mandalay management, representing nearly twice as many gold equivalent ounces (27,343 oz Au Eq. in 2011 vs 15,854 oz Au Eq. in 2010), and
- Cerro Bayo stockpiled ore during 2010 and did not produce metal in concentrate during 2010, the processing plant having restarted in early January 2011.

Table 1. Quarterly Mandalay Saleable Mine Production for 2010 and 2011

Metal	Source	Q1, 2010	Q2, 2010	Q3, 2010	Q4, 2010	2010 Total	Q1, 2011	Q2, 2011	Q3, 2011	Q4, 2011	2011 Total
Gold (oz)	Costerfield	1,483	2,001	1,848	2,330	7,662	4,528	2,856	2,057	2,803	12,244
	Cerro Bayo	-	-	-	-	-	1,450	1,552	1,567	2,109	6,678
	TOTAL	1,483	2,001	1,848	2,330	7,662	5,978	4,408	3,624	4,912	18,922
Antimony (t)	Costerfield	201	282	267	356	1,106	512	413	305	346	1,576
Silver (oz)	Cerro Bayo	-	-	-	-	-	339,366	284,324	299,679	395,296	1,318,665
Avg metal prices											
Au US\$/oz		1,108	1,194	1,227	1,367		1,386	1,506	1,703	1,685	
Sb US\$/t		6,483	8,686	9,552	11,083		14,128	15,898	14,899	13,890	
Ag US\$/oz		16.84	18.33	18.91	26.34		31.67	38.56	38.83	31.81	
Au Eq. (oz)	Costerfield	2,659	4,052	3,927	5,216	15,854	9,747	7,216	4,725	5,655	27,343
	Cerro Bayo	-	-	-	-	-	9,204	8,832	8,400	9,572	36,008
	Total	2,659	4,052	3,927	5,216	15,854	18,951	16,048	13,125	15,227	63,351

*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 the average of the monthly LME PM fix, average Sb price is the average of the monthly high and low Rotterdam warehouse prices, and average Ag price is the average of the monthly London Broker's silver spot price, all reported in www.metalbulletin.com. The monthly commodity prices are calculated as the average of the daily prices, with holiday and weekend day prices carried forward from the last business day.

Mandalay reissues its 2012 production guidance at each mine in the table below (using US\$1,600/oz Au price, US\$32.00/oz Ag price and US\$12,000/t Sb price to calculate oz Au Eq.). Production will increase through the year as Cerro Bayo reaches its stable design production rate in the fourth quarter. Individual mine production targets are shown in table 2 below:

Table 2. Reissued 2012 Production Guidance

Metal	Source	Low Range	High Range
Au (oz)	Costerfield	14,000	18,000
	Cerro Bayo	12,000	16,000
	Total	26,000	34,000
Sb (t)	Costerfield	1,800	2,200
Ag (oz)	Cerro Bayo	2,700,000	3,000,000
Au Eq. (oz)			
	Costerfield	27,500	34,500
	Cerro Bayo	66,000	76,000
	TOTAL	93,500	110,500

**Au Eq. oz for each of the low range and high range guidance is calculated by multiplying (i) total Au oz by an assumed US\$1,600/oz Au price, (ii) total Ag oz by an assumed US\$32.00/oz Ag price and (iii) total Sb tonnes times an assumed US\$12,000/t Sb price, then, in each case, dividing by the assumed US\$1,600/oz Au price.*

Brad Mills, Chief Executive Officer of Mandalay, commented: "We are pleased with the record production from Cerro Bayo in the fourth quarter of 2011, as the ramp-up of mining continues on track. We expect production at Cerro Bayo to increase progressively throughout 2012 as the Delia mine achieves a balance between stoping and development. We are also pleased by the significant production improvements being shown by the Costerfield mine since the management intervention during the third quarter. We expect this recovery to gather momentum going forward into 2012."

Mr. Mills further commented: "The effectiveness of Mandalay's strategy of buying distressed assets with excellent exploration potential and applying its financial and operational management expertise as well as exploration acumen to add significant value quickly is demonstrated in the Company's nearly four-fold increase in Au Eq. production volume from 2010 to 2011. We expect another 50% or greater increase in production in 2012. Furthermore, we are completing new independent NI 43-101-compliant reserve and resource statements for both Cerro Bayo and Costerfield, which incorporate 2011 exploration results and are expected to show significant increases in resources, reserves and mine lives for both properties. We expect that these reports will be released in February or March. At the corporate level, we plan to use our growing cash position to pay back all of Mandalay's debt by the middle of 2012, to continue to repurchase shares under the normal course issuer bid we launched in November 2011 and to fund further exploration and business development."

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 anticipated content of updated technical reports for the Company's Cerro Bayo and Costerfield properties, 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 31, 2011, 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.