



Mandalay Resources Corporation Announces Production and Sales Results for the Second Quarter, 2014

TORONTO, ON, July 10, 2014 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today its production and sales results for the second quarter, 2014.

Brad Mills, Chief Executive Officer of Mandalay, commented: "Mandalay's operations delivered steady operational performance in the second quarter. Cerro Bayo operations achieved a rate of 1,350 tonnes per day ("tpd") of ore production in June, just short of its targeted expansion rate of 1,400 tpd. Costerfield delivered its first production ore from the Cuffley lode development in the quarter and is on track to ramp up production to 50% of ore feed by year-end. With Cerro Bayo operating at the higher production rate and Cuffley starting to deliver stoping ore in the coming quarters, both operations are on track to achieve their full year production guidance."

Saleable production for the three months ended June 30, 2014:

- The Company produced a total of 14,079 ounces ("oz") gold ("Au"), 855 tonnes ("t") antimony ("Sb"), and 741,382 oz silver ("Ag"), representing a total of 31,751 oz of gold equivalent ("Au Eq.") production, down 5.4% compared to the 2013 period. The main difference in the gold equivalent production volume is attributed to the exceptionally high silver grade produced at Cerro Bayo in the similar period of 2013.
- Production at Costerfield (Australia) was 7,256 oz Au and 855 t Sb, up 5.6% and 15.9% respectively on higher volumes of ore mined and processed in 2014 compared to 2013.
- Production at Cerro Bayo (Chile) was 6,823 oz Au and 741,382 oz Ag, up 10.6% and down 19.6% respectively, compared to 2013. The differences with the corresponding quarter last year are due to lower silver grades realized in this period, partially offset by higher mining and processing rates in 2014 compared to 2013.

Saleable production for the six months ended June 30, 2014:

- The Company's production totaled 27,274 oz Au, 1,713 t Sb, and 1,484,951 oz Ag, representing a total of 63,188 oz of Au Eq. More antimony and gold with slightly less silver were produced in the 2014 half as compared to the 2013 half. Equivalent gold production increased by 4% year-on-year.
- Production at Costerfield was 15,171 oz Au and 1,713 t Sb for the 2014 half, up 16% and 13.9% respectively year-on-year, compared to the same period in 2013.
- Production at Cerro Bayo was 12,103 oz Au and 1,484,951 oz Ag in the 2014 half, up 14.2% and down 3.2% respectively, compared to the prior year period.

Table 1 – Second Quarter and Six-Month Saleable Production for 2014 and 2013

Metal	Source	3 months to 30 June 2014	3 months to 30 June 2013	Six months ended 30 June 2014	Six months ended 30 June 2013
Gold (oz)	Costerfield	7,256	6,879	15,171	13,082
	Cerro Bayo	6,823	6,167	12,103	10,599
	Total	14,079	13,046	27,274	23,681
Antimony (t)	Costerfield	855	738	1,713	1,504
Silver (oz)	Cerro Bayo	741,382	921,895	1,484,951	1,533,337
Average quarterly prices:					
Gold US\$/oz		1,289	1,415		
Antimony US\$/t		9,602	10,365		
Silver US\$/oz		19.63	23.19		
Au Eq. (oz) ¹	Costerfield	13,628	12,283	28,019	23,715
	Cerro Bayo	18,111	21,275	35,169	36,972
	Total	31,739	33,558	63,188	60,687

¹ Quarterly 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 calculated as the average of the daily LME PM fixes in the period, with price on weekend days and holidays taken of the last business day; average Sb price in the period is calculated as the average of the daily average of the high and low Rotterdam warehouse prices for all days in the period, with price on weekend days and holidays taken from the last business day; average Ag price in the period is calculated as the average of the daily London Broker’s silver spot price for all days in the period, with price on weekend days and holidays taken from the last business day. The source for all prices is www.metalbulletin.com.

Sales for the three months ended June 30, 2014:

- The Company sold 14,957 oz Au, 879 t Sb, and 840,713 oz Ag, representing a total of 34,307 oz Au Eq, up 12.1% compared to 2013.
- Costerfield sold 7,298 oz Au and 879 t Sb, up 6.5% and 15.2% respectively, compared to 2013.
- Cerro Bayo sold 7,659 oz Au, (record quarterly gold sales), and 840,713 oz Ag, up 6.5% and 8.5% respectively, compared to 2013.

Sales for the six months ended June 30, 2014:

- The Company sold 26,807 oz Au, 1,503 t Sb, and 1,612,829 oz Ag, representing a total of 63,097 oz Au Eq, up 10% from the prior year period.
- Costerfield sold 14,344 oz Au and 1,503 t Sb, up 12.7% and down 1%, compared to the same period in 2013.
- Cerro Bayo sold 12,463 oz Au and 1,612,829 oz Ag, up 30.3% and 14.7% respectively, compared to the 2013 period. The 2013 similar period was impacted by shipping delays due to a port strike in southern Chile.

Table 2 – Second Quarter and Six Month Sales for 2014 and 2013

Metal	Source	3 months to 30 June 2014	3 months to 30 June 2013	Six months ended 30 June 2014	Six months ended 30 June 2013
Gold (oz)	Costerfield	7,298	6,850	14,344	12,731
	Cerro Bayo	7,659	5,449	12,463	9,564
	Total	14,957	12,299	26,807	22,295
Antimony (t)	Costerfield	879	763	1,503	1,518
Silver (oz)	Cerro Bayo	840,713	774,923	1,612,829	1,406,659
Average quarterly prices:					
Gold US\$/oz		1,289	1,415		
Antimony US\$/t		9,602	10,365		
Silver US\$/oz		19.63	23.19		
Au Eq. (oz) ²	Costerfield	13,847	12,441	25,604	23,474
	Cerro Bayo	20,460	18,149	37,493	33,902
	Total	34,307	30,590	63,097	57,376

²Quarterly Au Eq. oz sold 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 for the period. The source for all prices is www.metalbulletin.com with price on weekend days and holidays taken of the last business day.

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 development 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 production of gold, silver and antimony for the 2014 fiscal year. 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 28, 2014, 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.