



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

TORONTO, ON, October 14, 2014 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today its production and sales results for the third quarter, 2014.

Brad Mills, Chief Executive Officer of Mandalay, commented: "Mandalay's production in the third quarter of 2014 reached new all-time quarterly records with respect to total gold (18,990 ounces), antimony (1,000 tonnes), and total gold equivalent (39,021 ounces). This excellent performance was due to a record production quarter at Costerfield with the successful transition to stoping from the new Cuffley lode; a strong quarter at Cerro Bayo due to increased throughput and high ore grades; and initial production from the Björkdal mine post-closing of the Elgin Mining acquisition on September 10, 2014."

Mr. Mills continued, "Mandalay sales in the third quarter did not keep pace with the record production as a result of delayed loading of concentrates on ships from Cerro Bayo due to inclement weather at the port. Otherwise, we realized record gold sales and strong antimony sales from Costerfield and our first gold sales from Björkdal. We expect the delayed shipments from Cerro Bayo to be caught up by the end of the year."

Mr. Mills concluded with remarks on revised Mandalay guidance: "Total guidance for full-year 2014 has risen slightly to 141,000-156,000 ounces gold equivalent. Within this revision, the guidance for gold and silver production from Cerro Bayo is unchanged. From Costerfield, the guidance for antimony has been revised upward from the previous 3,000-3,300 tonnes to 3,500-3,800 tonnes, whereas the guidance for gold has been revised downward from the previous 37,000-43,000 ounces to 32,000-37,000. These changes are due to differences between the ore grades estimated and actually encountered in early Cuffley lode mining; their impacts on total gold equivalent production from Costerfield largely offset each other. Finally, from Björkdal, while the fourth quarter guidance of 8,000-10,000 ounces is unchanged from the guidance issued upon the close of the Elgin transaction, Björkdal produced 3,091 ounces in the third quarter post-close, which has been added to the full-year guidance."

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

- The Company produced a record total of 18,990 ounces ("oz") gold ("**Au**"), a record 1,000 tonnes ("t") antimony ("**Sb**"), and 823,379 oz silver ("**Ag**"), representing a record total of 39,021 oz of gold equivalent ("**Au Eq.**") production.
- Production at Costerfield (Australia) was a record 9,454 oz Au and a record 1,000 t Sb representing a record total of 16,792 oz Au Eq. The production increase was due mainly to higher tonnage mined and processed as transition to mining in the newly developed Cuffley lode occurred.

- Production at Cerro Bayo (Chile) was 6,445 oz Au and 823,379 oz Ag, higher than the year-ago-quarter, due to favourable grades and higher throughput.
- Production at Björkdal (Sweden) was 3,091 oz Au. Björkdal was acquired on September 10, 2014; accordingly, this production relates only to the 20-day period from September 10 to 30, 2014.

Saleable production for the nine months ended September 30, 2014:

- The Company's production totaled 46,264 oz Au, 2,713 t Sb, and 2,308,330 oz Ag, representing a total of 102,209 oz of Au Eq.
- Production at Costerfield was 24,625 oz Au and 2,713 t Sb.
- Production at Cerro Bayo was 18,548 oz Au and 2,308,330 oz Ag.

Table 1 – Third Quarter and Nine Month Saleable Production for 2014 and 2013

Metal	Source	Three months to 30 September 2014	Three months to 30 September 2013	Nine months ended 30 September 2014	Nine months ended 30 September 2013
Gold (oz)	Costerfield	9,454	8,831	24,625	21,913
	Cerro Bayo	6,445	5,611	18,548	16,210
	Björkdal	3,091	-	3,091	-
	Total	18,990	14,442	46,264	38,123
Antimony (t)	Costerfield	1,000	966	2,713	2,470
Silver (oz)	Cerro Bayo	823,379	733,659	2,308,330	2,266,995
Average quarterly prices:					
Gold US\$/oz		1,281	1,328		
Antimony US\$/tonne		9,405	9,928		
Silver US\$/oz		19.76	21.33		
Au Eq. (oz) ¹	Costerfield	16,792	16,053	44,811	39,768
	Cerro Bayo	19,138	17,399	54,307	54,370
	Björkdal	3,091	-	3,091	-
	Total	39,021	33,452	102,209	94,138

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 September 30, 2014:

- The Company sold 16,106 oz Au (a record), 852 t Sb, and 467,606 oz Ag, representing a total of 29,572 oz Au Eq.
- Costerfield sold 8,891 oz Au (a record) and 852 t Sb.
- Cerro Bayo sold 3,921 oz Au and 467,606 oz Ag.
- Björkdal sold 3,294 oz Au in the period from September 10 through the end of the quarter.

Sales for the nine month ended September 30, 2014:

- The Company sold 42,913 oz Au, 2,355 t Sb, and 2,080,435 oz Ag, representing a total of 92,669 oz Au Eq.
- Costerfield sold 23,235 oz Au and 2,355 t Sb.
- Cerro Bayo sold 16,384 oz Au and 2,080,435 oz Ag.
- Björkdal sold 3,294 oz Au.

Table 2 – Third Quarter and Nine Month Sales for 2014 and 2013

Metal	Source	Three months to 30 September 2014	Three months to 30 September 2013	Nine months ended 30 September 2014	Nine months ended 30 September 2013
Gold (oz)	Costerfield	8,891	7,532	23,235	20,263
	Cerro Bayo	3,921	7,090	16,384	16,654
	Björkdal	3,294	-	3,294	-
	Total	16,106	14,622	42,913	36,917
Antimony (t)	Costerfield	852	777	2,355	2,295
Silver (oz)	Cerro Bayo	467,606	973,107	2,080,435	2,379,766
Average quarterly prices:					
Gold US\$/oz		1,281	1,328		
Antimony US\$/tonne		9,405	9,928		
Silver US\$/oz		19.76	21.33		
Au Eq. (oz) ²	Costerfield	15,148	13,344	40,752	36,818
	Cerro Bayo	11,130	22,727	48,623	56,629
	Björkdal	3,294	-	3,294	-
	Total	29,572	36,071	92,669	93,447

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.

Revision of 2014 production guidance

Mandalay is revising its 2014 full-year production guidance upward from the previous 138,000-148,000 saleable oz Au Eq. guidance issued with completion of the Elgin transaction on September 10. This includes offsetting revisions upward and downward, respectively, of Sb and Au production from Costerfield, and an additional three thousand ounces from Björkdal that was produced post-closing of the Elgin transaction on September 10, 2014.

Table 3 – Revised full-year 2014 production guidance

		Total	Cerro Bayo	Costerfield	Björkdal
Saleable silver production	Moz	3.0-3.2	3.0-3.2		
Saleable gold production	oz	66,000-77,000	23,000-27,000	32,000-37,000	11,000-13,000
Saleable antimony production	t	3,500-3,800		3,500-3,800	
Saleable oz Au Eq. production	oz Au Eq.	141,000-156,000			

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, Sweden 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, the Americas and Europe 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.