



Mandalay Resources Corporation Announces Production and Sales Results for the Third Quarter of 2012

TORONTO, ON, October 15, 2012— Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today its production and sales results for the third quarter of 2012.

Production for the three months ended September 30, 2012:

- The Company produced a total of 9,104 ounces ("oz") gold ("Au"), 594 tonnes ("t") antimony ("Sb"), and 804,779 oz silver ("Ag"), representing a total of 28,206 oz of gold equivalent ("Au Eq.").
- Production at Costerfield (Australia) was 4,317 oz Au and 594 t Sb, significantly greater than in the third quarter of 2011 due to the mine reaching its design production rate.
- Production at Cerro Bayo (Chile) was 4,787 oz Au and 804,779 oz Ag, including inventory adjustment gains of 335 ounces of gold and 54,562 ounces of silver. Third quarter 2012 production at Cerro Bayo was significantly greater than the third quarter of 2011 due to on-time execution of the planned ramp-up of the mining rate.

Production for the nine months ended September 30, 2012:

- The Company produced a total of 24,198 oz Au, 1,696 t Sb, and 2,016,373 oz Ag, representing a total of 74,403 oz of Au Eq.
- Production at Costerfield (Australia) was 12,129 oz Au and 1,696 t Sb, significantly greater than in the year-ago period due to the mine reaching its design production rate.
- Production at Cerro Bayo (Chile) was 12,069 oz Au and 2,016,373 oz Ag, significantly greater than in the year-ago period due to the ramp-up of the mining rate.

Brad Mills, Chief Executive Officer of Mandalay, commented: "Our strong third quarter 2012 production and sales results demonstrate the sustainable level of performance that we will maintain and improve on going forward. Having achieved initial design production rates, the strategy for these operations now is to implement growth options that take advantage of our growing reserve and resource positions at both operations. We plan to update the market in the next few weeks about our progress with exploration and expansion plans. We are on track to achieve our 2012 production guidance and we will announce 2013 production guidance with our third quarter financial results."

Sales quantities of all three metals closely matched production quantities in the third quarter of 2012, reflecting steady states of the Company's finished concentrate shipping processes and inventories. The difference with year-to-date production represents growth in our finished

product inventory as the Company ramps up production. Sales quantities are significantly higher than the same period a year ago due to the growth in production as the mines reached their initial design production rates in the second half of this year.

Table 1. Third Quarter and Nine Month Production for 2012 and 2011.

Metal	Source	3 months to 30 September 2012	3 months to 30 September 2011	9 months to 30 September 2012	9 months to 30 September 2011
Gold (oz)	Costerfield	4,317	2,057	12,129	9,441
	Cerro Bayo	4,787	1,567	12,069	4,569
	Total	9,104	3,624	24,198	14,010
Antimony (t)	Costerfield	594	305	1,696	1,230
Silver (oz)	Cerro Bayo	804,779	299,679	2,016,373	923,369
Average quarterly prices:					
Gold US\$/oz		1,654	1,703		
Antimony US\$/tonne		12,784	14,899		
Silver US\$/oz		29.83	38.83		
Au Eq. (oz) ¹	Costerfield	8,906	4,725	25,536	21,688
	Cerro Bayo	19,300	8,400	48,867	26,437
	Total	28,206	13,125	74,403	48,125

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.

Table 2. Third Quarter and Nine Month Sales for 2012 and 2011.

Metal	Source	3 months to 30 September 2012	3 months to 30 September 2011	9 months to 30 September 2012	9 months to 30 September 2011
Gold (oz)	Costerfield	3,896	2,108	11,343	10,078
	Cerro Bayo	4,904	1,690	11,148	3,191
	Total	8,800	3,798	22,491	13,269
Antimony (t)	Costerfield	528	279	1,586	1,188
Silver (oz)	Cerro Bayo	803,810	376,409	1,875,235	715,850
Quarter end prices:					
Gold US\$/oz		1,776	1,620		
Antimony US\$/tonne		12,650	15,800		
Silver US\$/oz		34.65	30.45		
Au Eq. (oz) ²	Costerfield	7,660	4,829	23,784	22,275
	Cerro Bayo	20,587	8,765	45,541	18,373
	Total	28,247	13,594	69,325	40,648

² Au Eq. oz sold is calculated by multiplying the saleable quantities of gold (Au), silver (Ag), and antimony (Sb) in the quarter by the respective quarter end market prices of the commodities, adding the three amounts to get a "total contained value based on market price", and then dividing that total contained value by the quarter end market price of Au. The source for all prices is www.metalbulletin.com with price on weekend days and holidays taken from the last business day.

For Further Information

Bradford Mills
Chief Executive Officer

Greg DiTomaso
Investor Relations

Contact:
647.260.1566

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. 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.