



Mandalay Resources Corporation Announces Production and Sales Results for the First Quarter of 2016

TORONTO, ON, April 12, 2016 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today its production and sales results for the first quarter of 2016. In the first quarter of 2016, Mandalay produced 39,965 saleable ounces of gold equivalent ("Au Eq. oz") and sold 40,808 Au Eq. oz.

Mark Sander, President and Chief Executive Officer of Mandalay, commented, "Costerfield continued its excellent performance in the first quarter, producing a record 12,433 oz saleable Au and 1,000 tonnes ("t") saleable antimony ("Sb"), tied for a record. We expect strong performance to continue through the rest of the year as the mine continues to operate at its maximum effective processing rate."

Mr. Sander continued, "Björkdal produced 12,185 oz saleable Au, the second best quarter since being acquired by Mandalay in September, 2014, and the third consecutive quarter of increasing quarterly production. Our technical improvement program continues to gain momentum. The quarter was the first one in which selective underground grade control for on-vein development was practiced in all headings for an entire three month period. In addition, initial stopes designed on the basis of grade control sampling were extracted during the quarter.

"Approximately 60,000 t of stockpile material was crushed and screened in preparation for the optical ore sorting test planned for the second quarter. Approximately 20,000 t of the fine fraction (<20 millimetre) material was fed to the plant in the quarter. Finally, pilot tests of flotation equipment designed to float both coarse gold particles and ultrafine gold particles were completed, with final reporting of recoveries anticipated in the second quarter. We expect Björkdal's quarterly gold production rate to continue to rise as mining and metallurgical improvements are implemented."

Mr. Sander concluded, "Cerro Bayo production during the quarter was 4,336 oz Au and 515,216 oz silver ("Ag"), impacted by the transition to, and ramp up of mining in, the new Delia SE and Coyita mines. During the quarter, we completed mining as planned in the Dagny and Fabiola mines. We continued developing the new Delia SE mine, where we expect stoping to be initiated in the second quarter. At the new Coyita mine, we obtained final permits for commercial mining and initiated on-vein development during the quarter. We are planning to mobilize a contract development crew during the second quarter in order to increase the rate of capital and operating development that will support a return to 1,400 t/day output of reserve-grade material from the mines."

The Company maintains its full year production guidance range of 165,000 to 180,000 oz Au Eq.

Saleable production for the three months ended March 31, 2016:

- The Company produced a total of 28,954 oz Au, 1,000 t Sb and 515,216 oz Ag, representing a total of 39,965 oz Au Eq. equivalent, versus 27,740 oz Au, 969 t Sb and 590,755 oz Ag, representing a total of 42,277 oz Au Eq. in the first quarter of 2015.
- Production at Costerfield (Australia) was 12,433 oz Au and 1,000 t Sb, versus 10,416 oz Au and 969 t Sb in the first quarter of 2015.
- Production at Cerro Bayo (Chile) was 4,336 oz Au and 515,216 oz Ag, versus 5,005 oz Au and 590,755 oz Ag in the first quarter of 2015.
- Production at Björkdal (Sweden) was 12,185 oz Au, versus 12,319 oz Au in the first quarter of 2015.

Table 1 – First Quarter Saleable Production for 2016 and 2015

Metal	Source	Three months to 31 March 2016	Three months to 31 March 2015
Gold (oz)	Costerfield	12,433	10,416
	Cerro Bayo	4,336	5,005
	Björkdal	12,185	12,319
	Total	28,954	27,740
Antimony (t)	Costerfield	1,000	969
Silver (oz)	Cerro Bayo	515,216	590,755
Average quarterly prices:			
Gold US\$/oz		1,181	1,218
Antimony US\$/t		5,353	8,109
Silver US\$/oz		14.85	16.67
Au Eq. (oz) ¹	Costerfield	16,966	16,867
	Cerro Bayo	10,814	13,091
	Björkdal	12,185	12,319
	Total	39,965	42,277

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 March 31, 2016:

- The Company sold 29,183 oz Au, 893 t Sb, and 602,621 oz Ag, representing a total of 40,808 oz Au Eq.
- Costerfield sold 10,816 oz Au and 893 t Sb.
- Cerro Bayo sold 6,030 oz Au and 602,621 oz Ag.
- Björkdal sold 12,337 oz Au.

Table 2 – First Quarter Sales for 2016 and 2015

Metal	Source	Three months to 31 March 2016	Three months to 31 March 2015
Gold (oz)	Costerfield	10,816	9,823
	Cerro Bayo	6,030	7,084
	Björkdal	12,337	11,750
	Total	29,183	28,657
Antimony (t)	Costerfield	893	781
Silver (oz)	Cerro Bayo	602,621	792,797
Average quarterly prices:			
Gold US\$/oz		1,181	1,218
Antimony US\$/t		5,353	8,109
Silver US\$/oz		14.85	16.67
Au Eq. (oz) ²	Costerfield	14,864	15,026
	Cerro Bayo	13,607	17,935
	Björkdal	12,337	11,750
	Total	40,808	44,711

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, 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 2016 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 30, 2016, 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.