



Mandalay Resources Corporation Announces Production and Sales Results for the Third Quarter, 2015 and Announces Management Changes

TORONTO, ON, October 13, 2015 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today its production and sales results for the third quarter, 2015.

Brad Mills, Chief Executive Officer of Mandalay, commented, "Mandalay's third quarter production and sales results remained steady. Costerfield is continuing to excel from both a production and sales perspective. Cerro Bayo silver and gold production started to improve, compared to the previous quarter, as the mine begins production from the higher grade Delia SE mine. Björkdal's production for the quarter was adversely impacted during the quarter due to some seasonable factors and a number of operational changes that have impacted grade in the short term. We expect improvements in grade performance from the mine to be demonstrated in our production results in the coming quarters.

For the full year the Company expects to achieve saleable production of 105,000-110,000 ounces of gold (relative to guidance range of 101,000 to 116,000 of Au), 2.4-2.6 million ounces of silver production (relative to guidance range of 2.7 to 3.1 million ounces of Ag) and 3,600-3,800 tonnes of antimony production (relative to guidance range of 3,200-3,500 tonnes of Sb). Full year gold equivalent ounce production is expected to be approximately 165,000 ounces (relative to our guidance of 167,000 to 185,000 ounces) due to the prices of silver and antimony falling relative to the gold price during the course of the 2015 financial year.

Saleable production for the three months ended September 30, 2015:

- The Company produced a total of 25,996 ounces ("oz") gold ("Au"), 964 tonnes ("t") antimony ("Sb") and 632,498 oz silver ("Ag"), representing a total of 40,293 oz of gold equivalent ("Au Eq.") production versus 39,021 Au Eq. ounces produced in the same period of 2014.
- Production at Costerfield (Australia) was 10,930 oz Au and 964 t Sb, with greater volume of Au and slightly lower volume of Sb compared to the third quarter of 2014. The overall increase in production was due to higher tonnages and grades mined and processed.
- Production at Cerro Bayo (Chile) was 5,305 oz Au and 632,498 oz Ag, lower than the comparative quarter last year due to lower grades mined year on year.
- Production at Björkdal (Sweden) was 9,761 oz Au. There are no comparable numbers for 2014 as the mine was acquired in September of 2014.

Saleable production for the nine months ended September 30, 2015:

- The Company has produced a total of 80,154 oz gold, 2,775 t Sb and 1,820,741 oz Ag, for the first nine months of 2015 representing a total of 123,286 oz of Au Eq. production versus 102,209 Au equivalent ounces produced in the same period of 2014.
- Production at Costerfield was 30,909 oz Au and 2,775 t Sb, with a much higher comparative volume of Au and slightly lower volume of Sb than in the nine months ended September 30, 2014.
- Production at Cerro Bayo was 15,671 oz Au and 1,820,741 oz Ag, lower than the comparative nine months last year due to lower grades of ore mined and processed.
- Production at Björkdal was 33,574 oz Au.

Table 1 – Third Quarter and Nine Month Saleable Production for 2015 and 2014

Metal	Source	Three months to 30 September 2015	Three months to 30 September 2014	Nine months ended 30 September 2015	Nine months ended 30 September 2014
Gold (oz)	Costerfield	10,930	9,454	30,909	24,625
	Cerro Bayo	5,305	6,445	15,671	18,548
	Björkdal	9,761	3,091	33,574	3,091
	Total	25,996	18,990	80,154	46,264
Antimony (t)	Costerfield	964	1,000	2,775	2,713
Silver (oz)	Cerro Bayo	632,498	823,379	1,820,741	2,308,330
Average quarterly prices:					
Gold US\$/oz		1,125	1,281		
Antimony US\$/tonne		6,894	9,405		
Silver US\$/oz		14.93	19.76		
Au Eq. (oz) ¹	Costerfield	16,835	16,792	49,340	44,811
	Cerro Bayo	13,697	19,138	40,372	54,307
	Björkdal	9,761	3,091	33,574	3,091
	Total	40,293	39,021	123,286	102,209

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, 2015:

- The Company sold 25,392 oz Au, 916 t Sb, and 677,152 oz Ag, representing a total of 39,987 oz Au Eq.
- Costerfield sold 9,758 oz Au and 916 t Sb.
- Cerro Bayo sold 5,819 oz Au and 677,152 oz Ag.

- Björkdal sold 9,815 oz Au.

Sales for the nine months ended September 30, 2015:

- The Company sold 81,357 oz Au, 2,596 t Sb, and 2,155,652 oz Ag, representing a total of 127,931 oz Au Eq.
- Costerfield sold 29,284 oz Au and 2,596 t Sb.
- Cerro Bayo sold 18,635 oz Au and 2,155,652 oz Ag.
- Björkdal sold 33,438 oz Au.

Table 2 – Third Quarter and Nine Month Sales for 2015 and 2014

Metal	Source	Three months to 30 September 2015	Three months to 30 September 2014	Nine months ended 30 September 2015	Nine months ended 30 September 2014
Gold (oz)	Costerfield	9,758	8,891	29,284	23,235
	Cerro Bayo	5,819	3,921	18,635	16,384
	Björkdal	9,815	3,294	33,438	3,294
	Total	25,392	16,106	81,357	42,913
Antimony (t)	Costerfield	916	852	2,596	2,355
Silver (oz)	Cerro Bayo	677,152	467,606	2,155,652	2,080,435
Average quarterly prices:					
Gold US\$/oz		1,125	1,281		
Antimony US\$/tonne		6,894	9,405		
Silver US\$/oz		14.93	19.76		
Au Eq. (oz) ¹	Costerfield	15,369	15,148	46,585	40,752
	Cerro Bayo	14,803	11,130	47,908	48,623
	Björkdal	9,815	3,294	33,438	3,294
	Total	39,987	29,572	127,931	92,669

¹Quarterly 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.

Management Changes

The Company is pleased to announce the appointment of Agne Ahlenius as General Manager of the Björkdal mine. Agne Ahlenius is originally from Sweden and holds a M.Sc. in Mining and Metallurgy from the Lulea University of Technology, Sweden. Previously, Mr. Ahlenius was General Manager of the Aranzazu mine, with Aura Minerals Inc., based in Mexico. Agne brings significant managerial and leadership experience to the team and has extensive experience with process improvement projects in underground and open pit mining operations. He replaces Mats Lindegren, General Manager, who is retiring from Mandalay Resources.

The Company also announces the appointment of Stuart O'Brien to the position of General Manager, Cerro Bayo. Stuart O'Brien holds a BEng in Mining Engineering from the University of New South Wales in Sydney, Australia and an MBA from the Universidad de Belgrano in Buenos Aires, Argentina. Mr. O'Brien has been responsible for the development and execution of Mandalay's Challacollo feasibility study since 2014. Immediately prior to Stuart joining Mandalay, he served as the Technical Services Manager for Tahoe Resources' Escobal Mine in Guatemala. Since 2005, he has been based in Latin America where he has worked at mines in Venezuela, Chile, Bolivia and Guatemala. Mr. O'Brien replaces Kalenci Flores, who has left the Company to pursue other opportunities.

Ben Suringar, currently the Construction Manager for Challacollo, will assume the role of General Manager for the Challacollo development project.

Brad Mills, Chief Executive Officer of Mandalay, commented, "On behalf of the Company, I wish to thank Kalenci Flores for his years of service at Cerro Bayo. We wish Kalenci success in his future endeavours. We thank Mats Lindegren for his support during the acquisition process and congratulate him on his retirement. I welcome Agne Ahlenius to his new role, as well, Stuart O'Brien's move to leading our Cerro Bayo mine operations and to Ben Suringar for his continued support of the Challacollo development project."

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 2015 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 31, 2015, 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.