



## **Mandalay Resources Corporation Announces Financial Results and Quarterly Dividend for the First Quarter of 2015**

TORONTO, ON, May 12, 2015 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today revenue of \$56.7 million, adjusted EBITDA of \$24.3 million and net profit of \$12.5 million, or \$0.03 per share, for the first quarter of 2015. The Company's unaudited consolidated financial results for the three months ended March 31, 2015, together with its Management's Discussion and Analysis ("MD&A") for the corresponding period can be accessed under the Company's profile on [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.mandalayresources.com](http://www.mandalayresources.com). All currency references in this press release are in U.S. dollars except as otherwise indicated.

In accordance with the Company's dividend policy, Mandalay's Board of Directors declared a quarterly dividend of \$3,406,754 (6% of the trailing quarter's gross revenue), or \$0.0083 per share (CDN\$ 0.0101 per share), payable on June 1, 2015 to shareholders of record as of May 22, 2015.

Brad Mills, Chief Executive Officer of Mandalay, commented, "Mandalay achieved solid financial results in the first quarter despite lower metal prices, as a result of good sales volumes and solid cost management. Lower operational currency exchange rates and lower petroleum prices also contributed to favorable cash costs and improved margins. Our cash balance increased to \$51.9 million after paying out \$4.0 million in dividends in the quarter. Costerfield achieved record low cash costs and all-in sustaining ("AISC") costs, respectively, of \$566 and \$774 per gold equivalent ("Au Eq.") oz in the quarter; Björkdal achieved cash costs of \$797 per oz gold ("Au") and AISC costs of \$940 per oz Au and Cerro Bayo delivered cash costs per ounce silver ("Ag") net of Au credit of \$10.09 and \$17.61/oz AISC costs. Overall, the Company produced 42,277 Au Eq. oz in the first quarter at a cash cost of \$742/Au Eq. oz and AISC cost of \$969/Au Eq. oz. This resulted in an EBITDA margin of 43% in the quarter compared to the 42% achieved in first quarter of the previous year despite a 6% decline in realized gold price.

Looking forward, we expect Costerfield to maintain its current cost and volume performance for the balance of the year as the percentage of Cuffley ore in our concentrator mix continues to increase. Cerro Bayo grades are expected to gradually improve throughout the year as we complete mining in the Fabiola and Dagny veins and begin production on the Delia SE vein. We expect Björkdal to deliver gradual improvement in volumes and cost throughout the year. We reiterate our total annual production, capital and cost guidance as per the Mandalay press release dated February 17, 2015."

## **First Quarter Financial Highlights**

The following table summarizes the Company's financial results for the first quarters of 2015 and 2014:

<b>Particulars</b>	<b>Three months ended March 31, 2015</b>	<b>Three months ended March 31, 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	56,779	38,092
Adjusted EBITDA	24,267	16,026
Income From Mine Operations Before Depreciation and Depletion	25,785	17,716
Net Income	12,484	5,744
Total Assets	358,128	214,629
Total Liabilities	138,807	44,344
Earnings per Share (US\$ /share)	0.03	0.02

The increase in revenue and adjusted EBITDA and doubling of profit during the first quarter of 2015 over the same quarter in 2014 were principally due to larger volumes sold and better cost performance. Factors affecting sales volumes include the inclusion of Björkdal in this quarter, greater Au and Sb production at Costerfield and lower Ag and Au production at Cerro Bayo. The principal factors impacting cash costs included lower operational country exchange rates (AU\$ 12%, Chilean Peso 12% and SEK 22%) and 50% lower petroleum prices.

Net income is inclusive of a non-cash, non-operating loss of \$13,209 related to marketable securities, a gain of \$612,914 for the derivative portion of five-year exchangeable bonds, a loss of \$317,117 related to a crude oil call option and deferred tax expense of \$2.3 million. Excluding these items, the gain after tax from underlying operations for the first quarter of 2015 was \$14.5 million. By comparison, in the first quarter of 2014 the Company's net income of \$5.7 million was inclusive of a non-cash, non-operating loss of \$105,000 relating to a mark-to-market adjustment of financing warrants and an AUD/USD currency option and deferred tax expense of \$1.6 million. Excluding these items, the gain after tax from underlying operations in the first quarter of 2014 was \$7.2 million.

On March 9, 2015, Mandalay paid a quarterly dividend in the aggregate amount of \$4,018,360 (CDN\$ 0.0121 per share). Cash and cash equivalents of the Company totaled \$51.9 million as of March 31, 2015, compared to \$20.0 million as of March 31, 2014.

## **First Quarter 2015 Operational Highlights**

### **Costerfield gold-antimony mine, Victoria, Australia**

In the first quarter of 2015, Costerfield produced 10,416 oz of saleable Au and 969 t of saleable Sb, versus 7,915 oz Au and 858 t Sb in the first quarter of 2014.

Cash cost per Au Eq. oz produced in the first quarter of 2015 was \$566 versus \$800 in the first quarter of 2014. The site all-in cost per Au Eq. oz produced in the first quarter of 2015 was \$774, versus \$1,052 in the first quarter of 2014.

This excellent performance is a result of implementing the 10m stope mine plan with good dilution control and increasing the proportion of higher grade Cuffley ore in the plant feed.

### **Cerro Bayo silver-gold mine, Patagonia, Chile**

During the first quarter of 2015, the Cerro Bayo mine produced 590,755 oz of saleable Ag and 5,005 oz of saleable Au, versus 743,569 oz Ag and 5,280 oz Au in the first quarter of 2014.

Cash cost per oz Ag produced net of Au by-product was \$10.09 during the first quarter of 2015, higher than the \$5.81 in the first quarter of 2014. Site all-in costs were \$17.61/oz versus \$11.31/oz in the previous year.

The lower production result is primarily the result of planned lower mine grades produced in the period as we near the end of mining in the Fabiola and Dagny veins. Unit costs were negatively impacted by the lower production volumes in the period.

### **Björkdal gold mine, Skellefteå, Sweden**

In the first quarter of 2015, Björkdal produced 12,319 oz of saleable Au.

Cash cost per gold equivalent ounce produced in the first quarter of 2015 was \$797. The site all-in cost per Au Eq. oz produced in the first quarter of 2015 was \$940.

Björkdal production was slightly greater than in the previous quarter as the operation continues to lay the groundwork for improvements that are at the core of the Company's value-creation plan.

The following table summarizes the Company's capital expenditure and unit costs for the three months ended March 31, 2015 and March 31, 2014:

	Unit	Three months ended March 31, 2015	Three months ended March 31, 2014
Capital development	\$'000	6,891	6,915
Capital purchases	\$'000	4,259	1,827
Capital exploration	\$'000	2,000	2,296
Cerro Bayo: Cash cost per oz Ag produced net of Au byproduct credit	\$/oz	\$10.09	\$5.81
Cerro Bayo: Site all-in cost per oz Ag produced net of Au byproduct credit	\$/oz	\$17.61	\$11.31
Costerfield: Cash cost per oz Au equivalent produced	\$/oz	\$566	\$800
Costerfield: Site all-in cost per oz Au equivalent produced	\$/oz	\$774	\$1,052
Björkdal: Cash cost per oz Au equivalent produced	\$/oz	\$797	N/A
Björkdal: Site all-in cost per oz Au equivalent produced	\$/oz	\$940	N/A
Company Average cash cost per oz Au Eq. Oz	\$/oz	\$742	\$732
Company Average All-in Cost per oz Au Eq. Oz.	\$/oz	\$969	\$989

### **Conference Call**

Mandalay's management will be hosting a conference call for investors and analysts on May 13, 2015 at 8:00 am (Toronto time). Analysts and interested investors are invited to participate using the following dial-in numbers:

Participant Number (International/Local): (416) 764-8688  
Participant Number (Toll free North America): (888) 390-0546  
Conference ID: 37394748

A replay of the conference call will be available until 23:59 pm (Toronto time), May 27, 2015 and can be accessed using the following dial-in numbers:

Encore Toll Free Dial-in Number: 1-888-390-0541  
Local Dial-in-Number: (416) 764-8677  
Encore ID: 394748#

### **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, Chile and Sweden, and a development project 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 guidance as to anticipated gold, silver, and antimony production and production costs in the future. 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](http://www.sedar.com). 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.*

## **Non-IFRS Measures**

This news release may contain references to adjusted EBITDA, cash cost per ounce of gold equivalent produced, cash cost per saleable ounce of silver produced net of gold credits, site all-in cost per ounce of gold equivalent produced, site all-in cost per saleable ounce of silver produced net of gold credits and all-in sustaining costs, which are all non-IFRS measures and do not have standardized meanings under IFRS. Therefore, these measures may not be comparable to similar measures presented by other issuers. Management uses adjusted EBITDA as measures of operating performance to assist in comparing the Company's ability to generate liquidity through operating cash flow to fund future working capital needs and fund future capital expenditures and to assist in financial performance from period to period on a consistent basis. The Company believes that these measures are used by and are useful to investors and other users of the Company's financial statements in evaluating the Company's operating and cash performance because they allow for analysis of our financial results without regard to special, non-cash and other non-core items, which can vary substantially from company to company and over different periods.

The Company defines adjusted EBITDA as earnings before interest, taxes, non-cash charges and finance costs. For a detailed reconciliation of net income to adjusted EBITDA, please refer to page 12 of management's discussion and analysis of the Company's financial statements for the first quarter of 2015.

Equivalent gold ounces produced is calculated by adding to gold ounces produced, the antimony tonnes produced times the average antimony price in the period divided by the average gold price in the period. The total cash operating cost associated with the production of these equivalent ounces produced in the period is then divided by the equivalent gold ounces produced to yield the cash cost per equivalent ounce produced. The cash cost excludes royalty expenses. Values for 2014 have been re-calculated accordingly. Site all-in costs include total cash operating costs, royalty expense, depletion, depreciation, accretion and write-off of exploration and evaluation. The site all-in cost is then divided by the equivalent gold ounces produced to yield the site all-in cost per equivalent ounce produced.

The cash cost per silver ounce produced net of gold byproduct credit is calculated by deducting the gold credit (which equals ounces gold produced times the realized gold price in the period) from the cash operating costs in the period and dividing the resultant number by the silver ounces produced in the period. The cash cost excludes royalty expenses. The site all-in cost per silver ounce produced net of gold byproduct credit is calculated by adding royalty expenses, depletion, depreciation, accretion and write-off of exploration and evaluation to the cash cost net of gold byproduct credit dividing the resultant number by the silver ounces produced in the period.

All-in sustaining costs per gold equivalent ounce includes total cash operating costs, royalty expense, depletion, depreciation, accretion, and write-off of exploration and evaluation. Equivalent gold ounces produced is calculated by adding to gold ounces produced, the antimony tonnes produced times the average antimony price in the period divided by the average gold price in the period. The cost is then divided by the equivalent gold ounces produced to yield the all-in cost per equivalent ounce produced.