Mandalay Resources Corporation Increases Gold Reserves by 136% and Replaces Silver and Antimony Reserves in 2014; Gold and Silver Measured plus Indicated Mineral Resources Increase by 144% and 24% Respectively

TORONTO, ON, February 17, 2015 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) is pleased to announce that its 2014 exploration and acquisition efforts have resulted in a significant increase in overall Mineral Resources and Mineral Reserves. The most significant increase is in gold ("Au") reserves, due to the acquisition of the Björkdal Au mine, at which a new independent estimate by Roscoe Postle Associates (described in detail below) has identified 432,000 ounces ("oz") Au in Probable Mineral Reserves. Cerro Bayo approximately replaced Proven and Probable Reserves net of 2014 depletion by infill drilling extensions of the Coyita and Yasna veins discovered in late 2013. Costerfield approximately replaced Reserves with the conversion of previously Inferred Resources in the Cuffley and N Lodes through a combination of infill drilling and mine development. At the Challacollo project, a major gain in Indicated Resources of approximately 22 million oz silver ("Ag") resulted from 2014 infill drilling of the previously reported Inferred Mineral Resource. As La Quebrada has been classified as an asset held for sale, its Mineral Resources, which were unchanged during the year, have been removed from the Company's end of 2014 reporting tables.

In the Proven and Probable Reserve category, contained Au increased by 136%, contained Ag decreased by 5%, and contained antimony ("Sb") increased by 4%. In the Measured and Indicated Resource category, contained Au increased by 144% and contained Ag increased by 24%, net of the addition of Cerro Bayo and the elimination of La Quebrada. Sb increased by 12% and contained copper ("Cu") dropped to zero with the elimination of La Quebrada.

All dollar amounts in this press release are in US dollars unless otherwise noted.

Table 1: Mandalay total Mineral Reserves effective as of December 31, 2014, and compared to December 31, 2013

	2014			2013		
	Au (cont. oz)	Ag (cont. oz)	Sb (cont. t)	Au (cont. oz)	Ag (cont. oz)	Sb (cont. t)
Proven	53,000	2,513,000	4,400	61,000	4,705,000	3,000
Probable	656,000	14,549,000	11,200	240,000	13,197,000	12,000
Proven + Probable	**709,000**	**17,062,000**	**15,600**	**301,000**	**17,902,000**	**15,000**

Notes:

1. Reserves are contained at Björkdal, Cerro Bayo and Costerfield properties only.
2. See tables 4, 6 and 8 for details of Proven and Probable Reserve tonnages and grades at each property, including cut-off grades and Qualified Persons.
3. Totals may appear different from the sum of their components due to rounding.

Table 2: Mandalay total Mineral Resources, inclusive of Mineral Reserves, effective as of December 31, 2014, and compared to December 31, 2013

	2014			2013			
	Au (cont. oz)	Ag (cont. oz)	Sb (cont. t)	Au (cont. oz)	Ag (cont. oz)	Sb (cont. t)	Cu (cont. lb)
Measured	96,000	3,143,000	9,600	99,000	5,596,000	8,000	-
Indicated	1,039,000	47,725,000	26,300	367,000	35,372,000	22,000	459,000,000
Measured + Indicated	**1,135,000**	**50,868,000**	**35,900**	**465,000**	**40,968,000**	**32,000**	**459,000,000**
Inferred	221,000	11,003,000	13,700	221,000	30,280,000	22,000	13,000,000

Notes:

1. See tables 3, 5, 7, 9 and 10 for details of tonnages and grades at each property.
2. Mineral Reserves have not yet been estimated for Challacollo or La Quebrada.
3. Totals may appear different from the sum of their components due to rounding.

Details of the Mineral Resource and Reserve estimates at each property are given below. They have been performed and/or verified by independent third parties: Roscoe Postle Associates Inc. ("RPA") at Björkdal and Cerro Bayo, Mining Plus ("MP") at Challacollo, and SRK Consulting (Australasia) Pty Ltd. ("SRK") at Costerfield. The year-end 2014 estimates of Mineral Resources and Reserves at the Björkdal, Cerro Bayo, Challacollo, and Costerfield mines will be fully documented in independent Technical Reports to be filed on www.sedar.com and the Mandalay website www.mandalayresources.com within 45 days of this press release. As well, a presentation of recent exploration strategy and results supporting the new estimates will be posted on the Company website within three days of this press release.

Brad Mills, CEO of Mandalay, commented, "Mandalay's Mineral Resource and Reserve position has improved significantly and has been substantially de-risked with the addition of Björkdal to the portfolio; the replacement of depleted reserves at both Cerro Bayo and Costerfield; and the upgrading of Inferred to Indicated Resource. With the completion of the independent RPA study at Björkdal, we now have a high quality, independent Mineral Resource and Reserve estimate. We will use this as a base line against which to measure future exploration success, improved mining practices, and optimization between surface and underground mining. The initial 432,000 oz Au reserves will support approximately an eight year mine life at current production rates; based on the Elgin acquisition price of approximately $64.9 million, the acquisition cost of this reserve is $150/oz Au Eq. for this producing asset. "

Mr. Mills continued, "Mandalay's strategy of reinvesting operational cash flow in exploration at our existing mines was successful once again in 2014. Cerro Bayo, initially acquired in 2010 and restarted with a nominal mine life of three years based on Proven and Probable Reserves at the time, replaced 2014 depletion and now has a nominal life of approximately six years after four years of production. Costerfield, restarted by Mandalay in late 2009 with no Mineral Reserves has been mining for five years and has a nominal life of about four years remaining. Our 2014 investment in mine exploration generated a total of 158,400 oz Au Eq. in Reserve additions for an exploration cost of $7.1 million—a discovery cost of $45/oz Au Eq.

"At Cerro Bayo, new reserves were added by infill drilling along extensions of the Coyita and Yasna veins under Laguna Verde, where initial high-grade intercepts were obtained in late 2013. Neither of these veins are completely drilled out and we expect further additions to Mineral Reserves as we continue extending our closely spaced drilling in these veins."

"At Costerfield, the Company filled in previously Inferred Mineral Resources along the N and Cuffley lodes. Underground drilling continues at Costerfield in the near-mine environment and we anticipate further resource and reserve additions this year."

Concluding his remarks, Mr. Mills said, "Finally, at Challacollo, our infill drill program was successful at upgrading approximately 22 million oz Ag in the main Lolon vein from Inferred to Indicated status to give a total of 30 million oz Ag in Indicated status. This has set the stage for conversion to reserves when the feasibility study is completed. There remains approximately 7 million oz Ag in the Inferred Mineral Resource along the Lolon vein that potentially can be upgraded, as well as additional exploration targets with existing mineralized intercepts which can be followed up in the future."

Björkdal 2014 Mineral Resources and Reserves

Mandalay purchased the Björkdal underground and open pit mine in Sweden through the acquisition of Elgin Mining, a transaction which closed on September 9, 2014. As part of the integration and operational improvement strategy for Björkdal, Mandalay retained RPA to perform independent estimates of Mineral Resources and Reserves based on surface diamond core and Reverse Circulation ("RC") drilling and underground diamond core drilling, all performed by the previous owner(s).

The cut-off date for the resource estimate database was July 31, 2014. This database contains a total of 823 diamond drill holes (DDH) for 105,139.6 metres ("m") and 1,976 RC holes totalling 130,811.4 m. The bulk of the core drilling was completed with NQ sized core (47.6 mm diameter core), although some recent underground grade control drilling was conducted with AQ sized core (27.0 mm diameter core). The RC drilling utilized five inch (12.7 cm) diameter drill bits. The Mineral Resource assay database consists of 2,699 drill holes (222,541 m), comprising 747 DDH totalling 93,815.6 m, and 1,952 RC holes totalling 128,725.4 m. The core sampling consists of 82,084 samples for a sampled length of 89,031, while the RC sampling comprises 121,303 samples for a total length of 121,485 m.

Assaying of Björkdal's samples was completed at ALS Minerals, an independent, ISO-credited laboratory in Piteå, Sweden, CRS / Actlabs in Kemple, Finland and at the Svartliden Gold Mine in Sweden. Whole core samples are sent directly to the independent laboratories for sample preparation and assaying. Reverse circulation samples are prepared on-site in the Björkdal Sample Preparation Facility and then shipped for assaying. Assaying is conducted utilizing the LeachWELL process. Quality assurance and quality control includes the use of standard reference samples, blanks, duplicates, repeats and internal laboratory quality assurance procedures.

RPA interpreted some 104 open pit and 275 underground vein wireframes utilizing drill hole intercepts and surveyed chip samples. The open pit wireframes were constructed at a nominal cut-off of 0.3 g/t Au with a nominal minimum mining width of two metres. The underground wireframes were based on a nominal two metre minimum mining width at a cut-off value of 0.5 g/t Au.

In order to avoid any disproportionate influence of random, anomalously high-grade assays on the resource average grade, RPA capped assays to 20 g/t Au for the open pit and 80 g/t Au for the underground.

Two block models were constructed for Björkdal in GEOVIA GEMS® software, one for open pit and the other for underground. In each model, the blocks were flagged with mineralized vein wireframes and large unconstrained dilution solids. Grades were interpolated by inverse distance cubed utilizing diamond drill and reverse circulation samples and constrained by the wireframes. Oriented search ellipses were used to interpolate vein grades and dilution material separately, with final block grades being calculated by summing the weighted contribution from vein and dilution material.

RPA classified the Mineral Resources as Indicated and Inferred based on drill hole spacing, grade continuity, and reliability of data.

Table 3: Mineral Resources at Björkdal, inclusive of Mineral Reserves, as of December 31, 2014

	Tonnes (t)	Gold (g/t)	Gold (cont. oz)
Open Pit			
Measured	-	-	-
Indicated	2,481,000	1.65	132,000
Measured + Indicated	2,481,000	1.65	132,000
Inferred	790,000	1.10	29,000
Underground			
Measured	-	-	-
Indicated	3,654,000	4.17	490,000
Measured + Indicated	3,654,000	4.17	490,000
Inferred	410,000	3.40	44,000
Stockpile			
Measured	-	-	-
Indicated	1,000,000	0.50	16,000
Measured + Indicated	1,000,000	0.50	16,000
Inferred	-	-	-
Total			
Measured	-	-	-
Indicated	7,135,000	2.78	638,000
Measured + Indicated	7,135,000	2.78	638,000
Inferred	1,200,000	1.90	73,000

Notes:

1. Mineral Resources estimated as of December 31, 2014, and depleted for production through December 31, 2014.
2. Canadian Institute of Mining ("CIM") standards were followed for estimating Mineral Resources.
3. Mineral Resources are inclusive of Mineral Reserves.
4. Totals may appear different from the sum of their components due to rounding.
5. Mineral Resources are estimated using an average gold price of $1,400 per ounce.
6. Bulk density is 2.71 t/m^3.
7. High gold assays were capped to 20 g/t Au for open pit and 80 g/t Au for underground.
8. Interpolation was by inverse distance cubed utilizing diamond drill and reverse circulation samples
9. Open Pit Mineral Resources are estimated at a cut-off grade of 0.35 g/t Au, constrained by the pit design and the 2014 Year End Open Pit Digital Terrain Model.
10. Underground Mineral Resources are estimated at a cut-off grade of 1.10 g/t Au.
11. A minimum mining width of approximately two m was used to interpret veins using diamond drill, reverse circulation, and underground chip sampling.
12. Reported Mineral Resources are exclusive of previously mined underground development and stopes.
13. Stockpile Mineral Resources are estimated at a cut-off grade of 0.30 g/t Au and are based upon historical estimates supplemented by production data.
14. The Mineral Resource Estimate was carried out under the supervision of Ian T. Blakley, P.Geo., an employee of RPA and independent of Mandalay Resources Corporation, a "Qualified Person" for the purpose of National Instrument 43-101.

For open pit reserve estimation, potential pits were evaluated using Whittle 4X, which employs the Lerchs-Grossmann pit optimization algorithm.

Several Whittle shells were run and it became apparent that the majority of mineralized tonnage in the pit optimization is located in the crown pillar along the east wall of the pit. This pillar contains the two main portal accesses to the underground operation and associated infrastructure and mine services.

Open pit mining of the ore in and adjacent to the crown pillar was selected in preference to underground mining to provide an earlier ore release and to supplement mill feed from underground mining throughout the mine life. A surface pit constraint was utilized in Whittle to protect surface infrastructure along the north wall of the pit.

A final design was created based on the Whittle output shell using Deswik mine planning software.

For underground reserve estimation, Indicated Mineral Resource blocks greater than 1.3 g/t Au were used as a basis for initial stope designs generated by AutoStope, an automated layout function that is part of Deswik software. The resulting stopes were evaluated manually and adjustments were made where necessary. Stopes were evaluated based on size, grade, and relative distance to existing development. Stopes that were not economically viable were removed from reserves. Any stopes that were within ten metres of each other were combined into larger stopes and dilution was applied based on the additional internal waste captured in the new stope. The ten metre pillar requirement is based on actual mining conditions at Björkdal.

Primary access to the underground operation is via ramp systems originating from two portals located in the east wall of the existing open pit. Open pit mining in the east wall will disrupt this access as well as the supply of other services such as emergency egress, electrical and mine drainage systems. Open pit mining will be staged to always allow access to at least one of the two portals and ensure continuity of the supply of all necessary services.

Table 4: Mineral Reserves at Björkdal as of December 31, 2014

	Tonnes (t)	Gold (g/t)	Gold (cont. oz)
Open Pit			
Proven	-	-	-
Probable	2,556,000	1.25	103,000
Proven + Probable	**2,556,000**	**1.25**	**103,000**
Underground			
Proven	-	-	-
Probable	2,988,000	3.26	313,000
Proven + Probable	**2,988,000**	**3.26**	**313,000**
Stockpile			
Proven	-	-	-
Probable	1,000,000	0.50	16,000
Proven + Probable	**1,000,000**	**0.50**	**16,000**
Total			
Proven	-	-	-
Probable	6,544,000	2.05	432,000
Proven + Probable	**6,544,000**	**2.05**	**432,000**

Notes:

1. Mineral Resources estimated as of December 31, 2014, and depleted for production through December 31, 2014.
2. Canadian Institute of Mining ("CIM") standards were followed for estimating Mineral Reserve.
3. Mineral Reserves are estimated at cut-off grades of 0.4 g/t Au for open pit, 1.3 g/t Au for underground, and 0.3 g/t Au for stockpile material.
4. Mineral Reserves are estimated using an average long-term gold price of US$1,200 per ounce.
5. An effective underground minimum mining width of 3.0 m, including 0.5 m dilution on stope footwall and 0.5 m dilution on stope hanging wall.
6. Underground Mineral Reserves include mining extraction factors of 95%, 100% and 75% for stoping, on-vein ore mining and pillar recovery respectively
7. Open pit Mineral Reserves include 40% dilution and 20% mining loss factors.
8. Bulk density is 2.71 t/m^3.
9. Numbers may not add due to rounding.
10. The Mineral Reserve Estimate was carried out under the supervision of Thomas H. A. Healy, P.Eng., an employee of RPA and independent of Mandalay Resources Corporation. Mr. Healy is a "Qualified Person" for the purpose of National Instrument 43-101.

Cerro Bayo 2014 Exploration and Resulting Resources and Reserves

During 2014, Mandalay drilled approximately 27,848 m of diamond core at a cost of US$3.46 million in the Coyita, Yasna, Fabiola, Irene, Kasia, Esperanza, Cristal and Cerro Amarillo veins. As well, mapping and closely spaced sampling along 4,954 m of development drives in the Dagny, Dalila, Fabiola, Yasna, and Delia NW veins, 3,354 m of which were in mineralization, formed the basis for upgrading previously Indicated and Inferred Mineral Resources to Measured Mineral Resources, and subsequently Proven Mineral Reserves.

Drill core was logged and sampled by Mandalay geologists and both core and mine samples were assayed on-site at the Compañia Minera Cerro Bayo laboratory. The Cerro Bayo laboratory, which was audited in 2011 by SGS Lakefield Research Ltd., routinely sends check samples to ALS

Laboratory (an ISO 9001:2008 and ISO/IEC 17025:2005 certified laboratory) in La Serena, Chile consistent with quality assurance and quality control ("QA/QC") practices established by Mandalay.

Core and mine sample data were entered into Vulcan software and vein walls were interpreted manually in a wireframe model. For each vein, gold values for the diamond drill holes and channel samples, which ranged up to 50 grams per tonne ("g/t"), were capped at 10 g/t and silver values, which ranged up to 5,000 g/t (and 10,000 g/t for a Dagny vein high-grade envelope), were capped at 700 g/t before compositing across the vein width. A bulk density of 2.63 t/m^3 was used. Grades for gold and silver for each resource block were estimated by the inverse distance cubed method. Parent block (length x 1 m x 1 m) and sub block (0.1 m x 1 m x 1 m) sizes were used with a resultant block size of the vein width x 1 m x 1 m.

Mineral Resources were estimated at a cut-off grade of 150 g/t Ag equivalent ("AgEq") over a minimum vein width of 1.2 m (using US$1,400/oz Au and US$24/oz Ag). AgEq is calculated using the formula AgEq= Ag + (Au x 59.69) where Ag and Au are in grams per tonne.

Table 5: Mineral Resources at Cerro Bayo, inclusive of Mineral Reserves, as of December 31, 2014

Category	Tonnes (t)	Au Grade (g/t)	Ag Grade (g/t)	Au (cont. oz)	Ag (cont. oz)
Measured	310,000	2.63	316	26,000	3,143,000
Indicated	1,685,000	3.28	323	178,000	17,525,000
Measured + Indicated	**1,995,000**	**3.18**	**322**	**204,000**	**20,668,000**
Inferred	585,000	2.26	218	43,000	4,112,000

Notes:

1. Mineral Resources estimated as of December 31, 2014, and depleted for production through December 31, 2014.
2. Canadian Institute of Mining ("CIM") standards were followed for estimating Mineral Resources.
3. Mineral Resources are inclusive of Mineral Reserves.
4. Totals may appear different from the sum of their components due to rounding.
5. Mineral Resources are estimated at a cut-off grade of 150 g/t AgEq. AgEq is calculated using the formula AgEq= Ag + (Au x 59.69) where Ag and Au are in grams per tonne.
6. Wireframe vein models were used to constrain the Cerro Bayo Resources.
7. Mineral Resources were estimated using US$1,400 per oz. Au and US$24 per oz. Ag
8. A minimum vein width of 1.2 m was used.
9. A bulk density of 2.63 t/m^3 was used.
10. No legal, political, environmental, or other risks are known to the above referenced Qualified Person that could materially affect the potential development of the mineral resources reported above.
11. The Independent Qualified Person for the Cerro Bayo Mineral Resource estimate is Rosmery Julia Cardenas Barzola, MAusIMM (CP Geo), RPA, who is a Qualified Person as defined by National Instrument 43-101 ("NI 43-101").

From this resource, a mine plan was designed based only on Measured and Indicated Mineral Resources using the same blast hole open stoping method as employed in the current operation. Silver price of $20/oz and gold price of $1,200/oz were used to estimate cut-off grades and test financial viability. A cut-off grade of 184 g/t AgEq and a minimum mining width of 2.4 m were used, with planned and unplanned dilution at variable grade depending on the vein.

Table 6: Mineral Reserves at Cerro Bayo as of December 31, 2014

	Tonnes (t)	Gold (g/t)	Gold (cont. oz)	Ag (g/t)	Ag (cont. oz)
Proven	375,000	1.74	21,000	209	2,513,000
Probable	2,035,000	2.21	144,000	222	14,549,000
Proven + Probable	**2,409,000**	**2.13**	**165,000**	**220**	**17,062,000**

Notes:

1. Mineral Reserve estimated as of December 31, 2014, and depleted for production through December 31, 2014.
2. CIM standards were followed for estimating Mineral Reserves.
3. Totals may appear different from the sum of their components due to rounding.
4. Mineral Reserves are estimated at a cut-off grade of 184 g/t AgEq (silver equivalent). AgEq is calculated using the formula AgEq= Ag + (Au x 61.66) where Ag and Au are in grams per tonne. Metal prices for determining cut-off grades were US$1,200/oz Au and US$20/oz Ag.
5. Profitability of Mineral Reserves was estimated using a long-term gold price of US$1,200 per ounce and a long-term silver price of US$20 per ounce.
6. Veins are diluted to 2.4 m minimum mining width.
7. A bulk density of 2.63 t/m^3 was used.
8. Dilution grades vary by vein.
9. No legal, political, environmental, or other risks are known to the above referenced Qualified Person that could materially affect the potential development of the mineral reserves reported above.
10. The Independent Qualified Person for the Cerro Bayo Mineral Reserve estimate is Normand Lecuyer, P. Eng., RPA, who is a Qualified Person as defined by NI 43-101.

Adjusting for 2014 mine depletion, 2.94 million oz Ag were added to Mineral Reserves by the $3.5 million in 2014 exploration spending. This equates to a cost of US$1.19/oz Ag added to Mineral Reserves in 2014.

Costerfield 2014 Exploration and Resulting Mineral Resources and Reserves

During 2014, Mandalay drilled approximately 20,817 m of diamond core for $3.6 million. The drilling was focused on extending and infilling Mineral Resources in N and Cuffley lodes as well as on testing new targets. In addition, the Company completed 5,078 m of operating development and mine sampling, mostly in N and Cuffley lodes, 4,068 m of which were in ore.

Drill core was logged and sampled by Costerfield geologists, who also performed mine sampling. All samples were sent to Onsite Labs in Bendigo, Victoria, Australia, for sample preparation and assay. Site geological and metallurgical personnel have implemented a QA/QC process that includes the regular insertion of standard reference materials, duplicates and blanks within drill and face sample batches submitted for assay. Standard reference materials have been certified by Geostats Pty Ltd.

Core and mine sampling data were entered into Datamine software and composited to true vein width. A top cut was applied, where necessary, to gold accumulation (gold grade (g/t) x true vein width). Gold accumulation, antimony accumulation and true vein width were estimated into a two dimensional block model for each lode using ordinary kriging and inverse distance where abundance of data was insufficient for ordinary kriging. Gold and antimony vein grades were back-calculated using estimated accumulated data and true vein width.

Where vein true widths are less than 1.2 m vein grades were diluted to a minimum mining width of 1.2 m using dilution grades of zero g/t gold and zero percent antimony. Grades where vein true widths are greater than 1.2 m were not diluted. Mineral Resources were estimated at a cut-off grade of 3.8 g/t Au equivalent ("Au Eq.") grade (using $1,400/oz Au and $12,000/t Sb) Au Eq. is calculated using the formula Au Eq.= Au + (Sb x 2.03) where Sb is in % and Au is in grams per tonne based on 1.2 m diluted grades.

Table 7: Mineral Resources at Costerfield, inclusive of Mineral Reserves, as of December 31, 2014

	Tonnes (t)	Au (g/t)	Sb (%)	Au (cont. oz)	Sb (cont. t)
Measured	213,000	10.2	4.5	70,000	9,600
Indicated	786,000	6.9	3.3	175,000	26,300
Measured + Indicated	**999,000**	**7.5**	**3.6**	**242,000**	**35,900**
Inferred	519,000	5.3	2.6	89,000	13,700

Notes:

1. Mineral Resources estimated as of December 31, 2014, and depleted for production through December 31, 2014.
2. Mineral Resources stated according to CIM guidelines and include Mineral Reserves.
3. Tonnes and contained gold (oz) are rounded to the nearest thousand; contained antimony (t) rounded to nearest hundred.
4. Totals may appear different from the sum of their components due to rounding.
5. A 3.8 g/t Au Equivalent (Au Eq.) cut-off grade over a minimum mining width of 1.2 m is applied where Au Eq. is calculated at a gold price of $1,400/oz, antimony price of $12,000/t and exchange rate USD:AUD of 0.85.
6. The Au Equivalent value (Au Eq.) is calculated using the formula: Au Eq. = Au g/t + 2.03 * Sb %
7. The Brunswick Mineral Resource has not been re-estimated since it was reported in Frederickson, D., 2009, Costerfield Gold and Antimony Project, Augusta and Brunswick Deposits. Frederickson Geological Solutions Pty Ltd.
8. The Brunswick resource reporting methodology has been reviewed and is now consistent with that of the Augusta and Cuffley Deposits.
9. The Mineral Resource estimation for Augusta and Cuffley deposits was performed by Chris Davis BSc, MAusIMM, a full-time employee of Mandalay Resources and was independently verified by Danny Kentwell MSc, BAppSc, FAusIMM, a full-time employee of SRK Consulting a qualified person under NI 43-101 the Competent Person for the Augusta and Cuffley Mineral Resource Estimates.
10. Danny Kentwell MSc, BAppSc, FAusIMM, a full-time employee of SRK Consulting, is a qualified person under NI 43-101 and is the Competent Person for the Brunswick Mineral Resource Estimate.

From the Mineral Resource, a mine plan was designed based only on Measured and Indicated Mineral Resource blocks using predominantly the cemented rock fill blast hole stoping method currently employed at the mine. A cut-off grade of 5.0 g/t Au Eq. and minimum stoping width of 1.2 m were used, with planned and unplanned dilution at zero grade. Financial viability of Proven and Probable Mineral Reserves was demonstrated at metal prices of US$1,200/oz Au and US$10,000/t Sb prices.

Table 8: Mineral Reserves at Costerfield, as of December 31, 2014

	Tonnes (t)	Gold (g/t)	Gold (cont. oz)	Sb (%)	Sb (cont. t)
Proven	98,000	10.4	32,000	4.5	4,400
Probable	333,000	7.4	80,000	3.3	11,200
Proven + Probable	**431,000**	**8.1**	**112,000**	**3.6**	**15,600**

Notes:

1. Mineral Reserve estimated as of December 31, 2014, and depleted for production through December 31, 2014.
2. Mineral Reserves are stated according to CIM guidelines.
3. Tonnes and contained gold (oz) are rounded to the nearest thousand; contained antimony (t) rounded to nearest hundred.
4. Totals may appear different from the sum of their components due to rounding.
5. Lodes have been diluted to a minimum mining width of 1.2 m for stoping and 1.8 m for ore development.
6. A 5.0 g/t Au Equivalent (Au Eq.) cut-off grade is applied.
7. Commodity prices applied are: gold price of $1,200/oz, antimony price of $10,000/t and exchange rate USD:AUD of 0.85.
8. The Au Equivalent value (Au Eq.) is calculated using the formula: Au Eq. = Au g/t + 1.97 * Sb %.
9. The Mineral Reserve is a subset, a Measured and Indicated only Schedule, of a Life of Mine Plan that includes mining of Measured, Indicated and Inferred Resources. The Mineral Reserve estimate was prepared by Shannon Green P.Eng., BEng, MAusIMM, a full-time employee of Mandalay Resources and was independently verified by Peter Fairfield, FAusIMM, a full-time employee of SRK Consulting and a qualified person under NI 43-101.

The net decrease of 14,000 oz Au in Proven and Probable Mineral Reserves for 2014 relative to 2013 consists of a total of 48,844 oz Au depleted from 2013 Reserves partially offset by the 31,844 oz Au added by exploration. Similarly, the 600 t Sb net increase in Proven and Probable Mineral Reserves consists of 6,345 t Sb depleted from 2013 Reserves, which is more than offset by the 6,545 t added by exploration. The exploration additions of Au and Sb represent about 86,400 oz Au Eq. added to reserves by exploration in 2014. The $3.6 million 2014 exploration cost divided by the 86,400 oz Au Eq. added equates to a cost of US$41.67/oz Au Eq. added to Proven and Probable Mineral Reserves.

Challacollo 2014 Mineral Resources

During 2014, Mandalay completed 9,153 m of core drilling for resource estimation and exploration at the Challacollo project in 52 holes at a cost of US$2.03 million. Most of the drilling was designed to infill and extend mineral resources previously identified in the Lolon vein, while 13 holes tested new vein targets.

Mandalay geologists logged the drill core in detail on site, supervising sawing and bagging of half the core from mineralized intervals. Remaining core has been stored in a secured on-site location. After bagging, all core samples were trucked to ALS Patagonia S. A. ("ALS") in Antofagasta, Chile, (ISO 9001:2008 certified) for sample preparation and insertion of standard reference materials, blanks and duplicates in every drill hole according to an industry-standard QA/QC program. ALS then forwarded the pulps to the certified ALS laboratories in Lima, Peru and in Vancouver, Canada, for analysis.

Mandalay retained Mining Plus to perform an independent estimate of the Challacollo mineral resources based on verified drill data included in previous NI 43-101 reports plus new Mandalay drill data from the 2014 drill program. The interpretation of the deposit geometry was made on a set of sections and a three dimensional computer solid model at a 60 g/t Ag cut-off was generated using GEOVIASurpac® software. At a 60 g/t Ag cut-off, the deposit has very good silver grade continuity. The metal grades were estimated into resource blocks using the ordinary kriging estimation method.

Table 9: Mineral Resources at Challacollo Silver Project as of December 31, 2014

	Tonnes (t)	Au (g/t)	Ag (g/t)	Au (cont. oz)	Ag (cont. oz)
Measured	-	-	-	-	-
Indicated	4,700,000	0.32	200	48,000	30,200,000
Measured + Indicated	**4,700,000**	**0.32**	**200**	**48,000**	**30,200,000**
Inferred	1,600,000	0.31	134	16,000	6,900,000

Notes:

1. Mineral Resources estimated as of 31 December, 2014.
2. Mineral Resources stated according to CIM guidelines.
3. Totals may appear different from the sum of their components due to rounding.
4. Mineral Resources are estimated at a cut-off grade of 60 g/t Ag as interpreted and modeled using GEOVIA Surpac software.
5. A density 2.45 g/cm^3 is used as a base density with adjustments according to the variation of the estimated barium, lead and zinc grades.

6. No capping of Ag grades has been applied due to low grade variability. Au grades have been capped at 3 g/t for two sample composites 4.57 g/t Au and 4.11 g/t Au respectively.
7. Numbers may not add due to rounding.
8. The Mineral Resource estimate was supervised by Michael Collins, P.Geo., who is a full-time employee of Mining Plus and a Qualified Person under NI 43-101.

Qualified Persons:

All Qualified Persons listed below have read and approved the contents of this news release as it pertains to the Mineral Resource and Mineral Reserve estimates disclosed in this press release.

For Björkdal: The Mineral Resource Estimate was carried out under the supervision of Ian T. Blakley, P.Geo., an employee of RPA and independent of Mandalay Resources Corporation, is a "Qualified Person" for the purpose of National Instrument 43-101. The Mineral Reserve Estimate was carried out under the supervision of Thomas H. A. Healy, P.Eng., an employee of RPA and independent of Mandalay Resources Corporation. Mr. Healy is a "Qualified Person" for the purpose of National Instrument 43-101.

For Cerro Bayo: Normand Lecuyer., P. Eng. and Rosmery Julia Cardenas Barzola, MAusIMM (CP Geo), both of RPA and both Independent Qualified Persons under NI 43-101, conducted or reviewed the Mineral Reserve and Mineral Resource estimations reported here and have reviewed and approved the technical and scientific information on Cerro Bayo contained in this release.

For Costerfield: Peter Fairfield, Principal Consultant with SRK Consulting (Australasia) Pty Ltd; BEng (Mining), FAusIMM (No: 106754), and a Qualified Person as defined in NI 43-101, conducted the Mineral Reserve estimation reported here and has reviewed and approved the Mineral Reserve information contained in this press release. Danny Kentwell MSc, BAppSc, FAusIMM, a full-time employee of SRK Consulting is a qualified person under NI 43-101 and is the Competent Person for the Augusta, Cuffley and Brunswick Mineral Resource Estimates.

For Challacollo: Michael Collins, P.Geo., a full time employee of Mining Plus and a Qualified Person under NI 43-101 supervised and takes responsibility for the Mineral Resource Estimate and has approved the technical and scientific information in the Challacollo section of this press release.

For further information:

Bradford Mills
Chief Executive Officer

Greg DiTomaso
Director of Investor Relations

Contact:
647.260.1566

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 statements regarding the Company's mineral resources, mineral reserves, planned 2015 exploration program, and its contemplated expansion and development activities. 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, and its final prospectus dated September 2, 2014, copies of which are available under Mandalay's profile at www.sedar.com. In addition, there can be no assurance that any current or future 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.