



Mandalay Resources Corporation Announces Record Production and Sales Results for the Fourth Quarter and Full Year 2012 and Reiterates 2013 Production Guidance

TORONTO, ON, January 14, 2013 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today record production and sales results for the fourth quarter and year-end, 2012. The Company is also re-affirming its production guidance for 2013.

Brad Mills, Chief Executive Officer of Mandalay, commented: "Our record fourth quarter and full year production and sales results builds on our strong history of delivering planned performance. We look forward to continuing this trend in 2013 as we expect to expand our Cerro Bayo operations to 1,400 tonnes per day mined by the first quarter of 2014 and initiate development of the Cuffley Lode at our Costerfield mine in the third quarter of 2013. I wish to thank all Mandalay personnel for helping us deliver on our promises in 2012 and building a highly profitable, dividend-paying, growing mining company."

Saleable Production for the three months ended December 31, 2012:

- The Company produced a total of 10,927 ounces ("oz") gold ("**Au**"), 785 tonnes ("**t**") antimony ("**Sb**") and 895,222 oz silver ("**Ag**"), representing a total of 33,537 oz of gold equivalent ("**Au Eq.**").
- Production at Costerfield (Australia) was 5,907 oz Au and 785 t Sb, significantly greater volumes of both metals than in the fourth quarter of 2011. The production increase was due to substantially higher mine output resulting from the Company refining its mining method (blast hole stoping with cemented rock fill). Processing throughput rose to an average of 10,639 tonnes per month in the fourth quarter of 2012 versus 5,448 tonnes per month in the fourth quarter of 2011.
- Production at Cerro Bayo (Chile) was 5,020 oz Au and 895,222 oz Ag, significantly greater than in the fourth quarter of 2011 due to higher grades and tonnes mined and processed as the mine achieved planned design performance.

Saleable Production for the year ended December 31, 2012:

- For the full year of 2012, the Company produced a total of 35,125 oz Au, 2,481 t Sb and 2,911,595 oz Ag, (107,941 oz Au Eq.), achieving or exceeding the Company's previous guidance.
- Production at Costerfield (Australia) reached 18,036 oz Au and 2,481 t Sb, resulting in significantly greater volumes of both metals compared to 2011 as both mine output and plant throughput exceeded design levels and the impact of lower dilution from the new stoping method improved plant head grade.

- Production at Cerro Bayo (Chile) was 17,089 oz Au and 2,911,595 oz Ag, significantly greater than in 2011 due to the completion of the ramp-up plan.

Table 1. Quarterly and Annual Saleable Mine Production for 2011 and 2012

Metal	Source	3 months to 31 December 2012	3 months to 31 December 2011	Year ended 31 December 2012	Year ended 31 December 2011
Gold (oz)	Costerfield	5,907	2,803	18,036	12,244
	Cerro Bayo	5,020	2,109	17,089	6,678
	Total	10,927	4,912	35,125	18,922
Antimony (t)	Costerfield	785	346	2,481	1,576
Silver (oz)	Cerro Bayo	895,222	395,296	2,911,595	1,318,665
Average quarterly prices:					
Gold US\$/oz		1,717	1,685		
Antimony US\$/tonne		12,317	13,890		
Silver US\$/oz		32.57	31.81		
Au Eq. (oz) ¹	Costerfield	11,539	5,655	37,075	27,343
	Cerro Bayo	21,998	9,572	70,866	36,008
	Total	33,537	15,227	107,941	63,351

¹ Quarterly 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. Year-end Au Eq. oz is the total of the quarterly oz derived as above.

Table 2. Quarterly and Annual Quantities Sold for 2011 and 2012

Metal	Source	3 months to 31 December 2012	3 months to 31 December 2011	Year ended 31 December 2012	Year ended 31 December 2011
Gold (oz)	Costerfield	6,146	2,837	17,489	12,915
	Cerro Bayo	5,068	2,347	16,216	5,538
	Total	11,214	5,184	33,705	18,453
Antimony (t)	Costerfield	809	352	2,395	1,540
Silver (oz)	Cerro Bayo	891,145	396,150	2,766,380	1,112,000
Average quarterly prices:					
Gold US\$/oz		1,717	1,685		
Antimony US\$/tonne		12,317	13,890		
Silver US\$/oz		32.57	31.81		
Au Eq. (oz) ²	Costerfield	11,951	5,739	35,858	27,681
	Cerro Bayo	21,969	9,826	67,247	30,100
	Total	33,920	15,565	103,105	57,781

² Quarterly Au Eq. oz sold is calculated by multiplying the saleable quantities of Au, Ag, and 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 average market price of Au for the quarter. Year-end Au Eq. oz is the total of the quarterly oz derived as above. Au Eq. values for 2011 have been re-calculated according to the above reporting policy. The source for all prices is www.metalbulletin.com with price on weekend days and holidays taken from the last business day.

The Company's sales quantities of all three metals closely matched production quantities in the fourth quarter, reflecting steady state of the Company's concentrate shipping process. The small difference between production and sales for the full year represents growth in finished product inventory as production has increased.

Reiteration of 2013 Production Guidance

The Company is pleased to reiterate its full year production for 2013. This guidance assumes a previously anticipated 15% decline in grade at Cerro Bayo in the first quarter of 2013 relative to the grades delivered in the fourth quarter of 2012.

	Total	Cerro Bayo	Costerfield
Saleable Ag Production	2.8 – 3.1 million oz	2.8 – 3.1 million oz	-
Saleable Au Production	36,000 – 42,000 oz	18,000 – 21,000 oz	18,000 – 21,000 oz
Saleable Sb Production	2,800 – 3,000 t	-	2,800 – 3,000 t
Au Eq Production	112,000 – 123,000 oz		

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 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 production of gold, silver and antimony for the 2013 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, 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.