



MANDALAY RESOURCES CORPORATION REPORTS RECORD PRODUCTION AND SALES FOR THE SECOND QUARTER, 2012

TORONTO, ON, July 9, 2012 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, MND.WT) announced today its production and sales results for the second quarter of 2012.

Production for the three months ended June 30, 2012:

- The Company produced a total of 9,215 ounces ("oz") gold ("Au"), 612 tonnes ("t") antimony ("Sb"), and 814,970 oz silver ("Ag"), representing a total of 29,210 oz of gold equivalent ("Au Eq.") production.
- Production at Costerfield (Australia) was 4,122 oz Au and 612 t Sb. These represent the highest production volumes since Mandalay assumed management of the mine in the fourth quarter of 2009.
- Production at Cerro Bayo (Chile) reached record volumes of 5,093 oz Au and 814,970 oz Ag as the planned production ramp-up continued approximately on schedule, augmented by processing of ore stockpiled during the first quarter.

Brad Mills, Chief Executive Officer of Mandalay, commented: "The record second quarter represents our best production and sales quarter ever with both mines producing well. We expect to be able to maintain this level of performance going forward with some growth still to come from Cerro Bayo as the mine remains on track to reach design tonnage of 1,200 tpd in the fourth quarter of 2012."

Table 1. Quarterly Saleable Mine Production for 2011 and 2012

Metal	Source	Q1, 2011	Q2, 2011	Q3, 2011	Q4, 2011	2011 Total	Q1 2012	Q2 2012
Gold (oz)	Costerfield	4,528	2,856	2,057	2,803	12,244	3,690	4,122
	Cerro Bayo	1,450	1,552	1,567	2,109	6,678	2,190	5,093
	Total	5,978	4,408	3,624	4,912	18,922	5,880	9,215
Antimony (t)	Costerfield	512	413	305	346	1,576	489	612
Silver (oz)	Cerro Bayo	339,366	284,324	299,679	395,296	1,318,665	396,624	814,970
Average quarterly prices:								
Gold US\$/oz		1,386	1,506	1,703	1,685		1,694	1,614
Antimony US\$/tonne		14,128	15,898	14,899	13,890		12,692	13,574
Silver US\$/oz		31.67	38.56	38.83	31.81		31.78	29.39
Au Eq. (oz) ¹	Costerfield	9,747	7,216	4,725	5,655	27,343	7,356	9,273
	Cerro Bayo	9,204	8,832	8,400	9,572	36,008	9,631	19,936
	Total	18,951	16,048	13,125	15,227	63,351	16,988	29,210

¹ 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.

Table 2. Quarterly Quantity Sold for 2011 and 2012

Metal	Source	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011	Q1 2012	Q2 2012
Gold (oz)	Costerfield	4,741	3,229	2,108	2,837	12,915	3,384	4,063
	Cerro Bayo	204	1,297	1,690	2,347	5,538	1,284	4,960
	Total	4,945	4,526	3,798	5,184	18,453	4,668	9,023
Antimony (t)	Costerfield	476	433	279	352	1,540	450	608
Silver (oz)	Cerro Bayo	69,037	270,404	376,409	396,150	1,112,000	218,060	853,364
Average quarterly prices:								
Gold US\$/oz		1,499	1,469	1,814	1,734		1,715	1,570
Antimony US\$/tonne		15,050	16,036	17,326	12,921		12,282	13,123
Silver US\$/oz		29.41	39.85	40.50	27.00		32.97	28.68
Au Eq. (oz) ²	Costerfield	9,521	7,955	4,773	5,460	27,709	6,604	9,140
	Cerro Bayo	1,559	8,632	10,093	8,516	28,801	5,475	20,546
	Total	11,080	16,587	14,866	13,977	56,510	12,080	29,687

Sales quantities of all three metals closely matched production quantities in the second quarter, as the Company's shipping schedule at Cerro Bayo returned to normal, recovering from the delays experienced in the first quarter.

For Further Information:

Bradford Mills
Chief Executive Officer

Greg DiTomaso
Investor Relations

Contact:
647.260.1566

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 anticipated gold, silver and antimony production and sales in 2012. 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, 2011, 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.