



## **Mandalay Resources Corporation Announces Production Results for the Fourth Quarter and Full Year, 2011**

TORONTO, ON, February 1, 2012 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, MND.WT) announced today its production results for the quarter and year ended December 31, 2011.

As shown in table 1 below, for the three months ended December 31, 2011:

- the Company produced a total of 4,912 ounces ("oz") gold ("Au"), 346 tonnes ("t") antimony ("Sb"), and 395,296 oz silver ("Ag"), representing 13,488 oz of gold equivalent production ("Au Eq."),
- production at Costerfield (Australia) was 2,803 oz Au and 346 t Sb. These amounts represent a significant increase relative to production in the previous quarter as mine output improved with the implementation of new management, introduction of new elements to the mobile fleet, shifting of the mining method to cemented rock fill stoping, and planning and scheduling improvements made late in the third quarter, and
- production at Cerro Bayo (Chile) reached 2,109 oz Au and 395,296 oz Ag as the planned production ramp-up continued approximately on schedule. These amounts represent record quarterly production of gold and silver since the plant restarted under Mandalay management in early January 2011.

As shown in table 1 below, for the year ended December 31, 2011:

- the Company produced a total of 18,922 oz Au, 1,576 t Sb, and 1,318,665 oz Ag, representing 60,186 oz Au Eq., almost four times the 15,871 oz Au Eq. the Company produced in 2010. This compares to November 2011 guidance of 18,000 to 22,000 oz of Au, 1,500,000 to 1,900,000 oz of Ag and 1,500 to 2,500 t of Sb. The principal reason for the lower than expected silver production was below plan grades of silver ore processed in the fourth quarter. As previously discussed in the Company's November 14, 2011, press release, the lower grade was a result of mining lower grade ores found during mine development out of sequence with the mine plan to prevent their permanent sterilization in the upper portion of the Fabiola and Dagny mines. This material, which has been fully accounted for in the 2012 guidance below, will be included as an increase in the end of 2011 resources and reserves update, expected in February or March.
- Costerfield achieved record gold and silver production relative to 2010, its first full year of operation under Mandalay management, representing nearly twice as many gold equivalent ounces (26,072 oz Au Eq. in 2011 vs 15,871 oz Au Eq. in 2010), and
- Cerro Bayo stockpiled ore during 2010 and did not produce metal in concentrate during 2010, the processing plant having restarted in early January 2011.

**Table 1. Quarterly Mandalay Saleable Mine Production for 2010 and 2011**

Metal	Source	Q1, 2010	Q2, 2010	Q3, 2010	Q4, 2010	Q1, 2011	Q2, 2011	Q3, 2011	Q4, 2011	2011 Total
Gold (oz)	Costerfield	1,483	2,001	1,848	2,330	4,528	2,856	2,057	2,803	12,244
	Cerro Bayo	-	-	-	-	1,450	1,552	1,567	2,109	6,678
	<b>TOTAL</b>	1,483	2,001	1,848	2,330	5,978	4,408	3,624	4,912	18,922
Antimony (t)	Costerfield	201	282	267	356	512	413	305	346	1,576
Silver (oz)	Cerro Bayo	-	-	-	-	339,366	284,324	299,679	395,296	1,318,665
<b>Au Eq. (oz)</b>										
Au Eq. (oz)	Costerfield	2,662	3,995	3,911	5,303	8,564	7,218	4,887	5,402	26,072
	Cerro Bayo	-	-	-	-	8,572	8,948	8,508	8,086	34,114
	<b>Total</b>	2,662	3,995	3,911	5,303	17,136	16,166	13,395	13,488	60,186

*\*Au Eq. oz is calculated by multiplying the saleable oz of gold and silver, and the saleable tonnes of antimony, produced during the period by the respective average realized metal prices during the period and dividing the total by the average realized gold price during the quarter. Numbers may not precisely add due to rounding.*

Mandalay re-iterates its 2012 production guidance of 25,000 to 35,000 oz Au, 2.7 to 3.0 million oz Ag and 1,800 to 2,200 t Sb (92,500 to 111,500 oz Au Eq. using US\$1,600/oz Au price, US\$32.00/oz Ag price and US\$12,000/t Sb price). Production will increase through the year as Cerro Bayo reaches its stable design production rate in the fourth quarter. Individual mine production targets are shown in table 2 below:

**Table 2. Reiterated 2012 Production Guidance**

Metal	Source	Low Range	High Range
Gold (oz)	Costerfield	12,500	17,500
	Cerro Bayo	12,500	17,500
	<b>TOTAL</b>	25,000	35,000
Antimony (t)	Costerfield	1,800	2,200
Silver (oz)	Cerro Bayo	2,700,000	3,000,000
<b>Au Eq. (oz)*</b>			
Au Eq. (oz)*	Costerfield	26,000	34,000
	Cerro Bayo	66,500	77,500
<b>TOTAL</b>		<b>92,500</b>	<b>111,500</b>

*\*Au Eq. oz for each of the low range and high range guidance is calculated by multiplying (i) total Au oz by an assumed US\$1,600/oz Au price, (ii) total Ag oz by an assumed US\$32.00/oz Ag price and (iii) total Sb tonnes times an assumed US\$12,000/t Sb price, then, in each case, dividing by the assumed US\$1,600/oz Au price.*

Brad Mills, Chief Executive Officer of Mandalay, commented: "We are pleased with the record production from Cerro Bayo in the fourth quarter of 2011, as the ramp-up of mining continues on track. We expect production at Cerro Bayo to increase progressively throughout 2012 as the Delia mine achieves a balance between stoping and development. We are also pleased by the significant production improvements being shown by the Costerfield mine since the management intervention during the third quarter. We expect this recovery to gather momentum going forward into 2012."

Mr. Mills further commented: "The effectiveness of Mandalay's strategy of buying distressed assets with excellent exploration potential and applying its financial and operational

management expertise as well as exploration acumen to add significant value quickly is demonstrated in the Company's nearly four-fold increase in Au Eq. production volume from 2010 to 2011. We expect another 50% or greater increase in production in 2012. Furthermore, we are completing new independent NI 43-101-compliant reserve and resource statements for both Cerro Bayo and Costerfield, which incorporate 2011 exploration results and are expected to show significant increases in resources, reserves and mine lives for both properties. We expect that these reports will be released in February or March. At the corporate level, we plan to use our growing cash position to pay back all of Mandalay's debt by the middle of 2012, to continue to repurchase shares under the normal course issuer bid we launched in November 2011 and to fund further exploration and business development."

### **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 anticipated gold, silver and antimony production and sales in 2012, the timing and anticipated content of updated technical reports for the Company's Cerro Bayo and Costerfield properties, the timing and amount of planned debt repayments and repurchases of shares under the Company's normal course issuer bid. 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](http://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.