

TORONTO, Feb. 18, 2016 (GLOBE NEWSWIRE) -- [Mandalay Resources Corp.](#) ("Mandalay" or the "Company") (TSX:MND) announced today revenue of \$43.6 million, adjusted EBITDA of \$14.0 million and adjusted net income before special items of \$0.3 million or \$0.00 income per share for the fourth quarter of 2015.

The Company's consolidated net loss for the quarter, after special items totaling \$3.4 million, is \$3.1 million, or (\$0.01) per share. The special items include: impairment of the La Quebrada asset (held for sale) of \$2.3 million; additional depletion of \$0.3 million (\$1.5 million for the full year 2015) at Björkdal as a result of finalizing the purchase price allocation in respect of the Company's acquisition of Elgin Mining in 2014 and the associated tax savings of \$0.6 million, and a one-off tax expense adjustment at Costerfield of \$1.4 million.

The Company's audited consolidated financial results for the year ended December 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](#) and on the Company's website at [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 \$2,618,760 (6% of the trailing quarter's gross revenue), or \$0.0064 per share (CDN\$0.0088 per share), payable on March 10, 2016 to shareholders of record as of February 29, 2016.

For the full year, Mandalay generated record revenues of \$194.5 million based on sale of a record 167,808 oz gold equivalent ("oz Au Eq"), adjusted EBITDA of \$68.0 million and adjusted net income before special items of \$19.0 million or \$0.05 per share. After special items totaling \$4.3 million for the year, the Company reported consolidated net income of \$14.7 million and earnings of \$0.04 per share.

Commenting on the fourth quarter and full year 2015 financial results, Bradford Mills, Mandalay CEO, noted, "The Company produced and sold a record amount of gold equivalent ounces in 2015. It maintained strong operating margins despite lower metal prices, with EBITDA margins for the three months and year ended December 31, 2015, of 32% and 35% respectively. As a result, we are pleased to be able to continue our usual dividend this quarter despite the current depressed price environment for our products."

Mr. Mills continued, "Costerfield maintained strong volume performance and excellent cost performance for all quarters in 2015, achieving record annual quantities sold (40,686 oz Au and 3,563 tonnes antimony ('t Sb') for a total of 62,895 oz Au Eq) and record low cash production (\$559/oz Au Eq) and all-in (\$773/oz Au Eq) operating costs. Key to this performance is having completed all major capital items for the current life of mine plan, including capital development, water evaporation facilities, and tailings footprint."

"Cerro Bayo grades improved in the fourth quarter as we continued the planned mine-outs of the Fabiola and Dagny mines, while developing the new, higher grade mines at Delia SE and Coyita. For the full year, the mine sold 2,778,837 oz Ag and 24,489 oz Au. Fourth quarter performance was considerably better than the average quarterly production and sales as we started to see the effects of transition to the Delia SE Mine. This resulted in lower cash costs per oz Ag produced net of Au credit of \$4.58/oz and all-in costs of \$11.75/oz in the fourth quarter which were considerably better than the full-year cash cost of \$7.50/oz and all-in cost of \$14.69/oz."

Mr. Mills concluded, "Björkdal delivered cash costs of \$940 per oz Au and all-in costs of \$1,224 per oz Au in the fourth quarter, and cash costs of \$884 per oz Au and all-in costs of \$1,128 per oz Au for the entire year. While lower volumes of gold production in the fourth quarter impacted costs, we demonstrated during the quarter that effective grade control is possible for the underground mine. We are now implementing these practices and re-orienting development in the mine to incorporate our grade control strategy. We expect this implementation to gradually lift grades over the coming four quarters."

#### Fourth Quarter and Full Year 2015 Financial Highlights

The following table summarizes the Company's financial results for the three months and year ended December 31, 2015 and 2014:

	Three months ended December 31, 2015	Three months ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
	\$'s,000	\$'s,000	\$'s,000	\$'s,000
Revenue	43,646	66,973	194,500	184,629
Adjusted EBITDA	13,997	21,463	67,989	64,435
Income from mine operations before depreciation and depletion	17,409	25,721	77,408	75,446

Adjusted net income	343	7,588	18,985	17,576
Consolidated net income/(loss)	(3,105 )	7,588	14,665	17,576
Total assets	346,573	362,805	346,573	362,805
Total liabilities	138,879	142,787	138,879	142,787
Adjusted net income per share	\$ 0.00	\$ 0.02	\$ 0.05	\$ 0.05
Consolidated net income/(loss) per share	\$ (0.01 )	\$ 0.02	\$ 0.04	\$ 0.05

For the fourth quarter of 2015, revenue and EBITDA was negatively impacted by lower realized metal prices than in the fourth quarter of 2014 – 7.8% lower per oz Au, 7.4% lower per oz Ag and 41.0% lower per t Sb. For the year ended December 31, 2015, realized metal prices were lower than for the previous year by: 6.1% per oz Au, 13.0% per oz Ag and 27.0% per t Sb.

Year-on-year operational currency exchange rate declines in 16% for the Australian dollar, 17% in the Chilean peso and 15% in the Swedish krona and 40% lower petroleum prices helped offset some of the impact of lower metal prices.

Cash and cash equivalents of the Company were \$49.2 million as of December 31, 2015, compared to \$49.0 million as of December 31, 2014. During 2015 the Company paid out a record total of \$12.9 million in dividends.

#### Fourth Quarter and Full Year 2015 Operational Highlights

The table below summarizes the Company’s capital expenditures and operational unit costs for the quarter and full year.

	Three months ended December 31, 2015	Three months ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014 <sup>1</sup>
	\$’s;000	\$’s;000	\$’s;000	\$’s;000
Capital development <sup>(2)</sup>	7,812	7,432	28,765	23,803
Capital purchases <sup>(2)</sup>	2,719	4,938	14,612	16,650
Capital exploration <sup>(2)</sup>	4,425	2,860	11,144	14,265
Cerro Bayo: Cash cost per oz Ag produced net of Au byproduct credit	\$ 4.58	\$ 3.95	\$ 7.50	\$ 5.30
Cerro Bayo: Site all-in cost per oz Ag produced net of Au byproduct credit	\$ 11.75	\$ 10.37	\$ 14.69	\$ 11.36
Costerfield: Cash cost per oz Au equivalent produced	\$ 540	\$ 608	\$ 559	\$ 772
Costerfield: Site all-in cost per oz Au equivalent produced	\$ 760	\$ 884	\$ 773	\$ 1,036
Björkdal: Cash cost per oz Au equivalent produced	\$ 940	\$ 901	\$ 884	\$ 870
Björkdal: Site all-in cost per oz Au equivalent produced	\$ 1,224	\$ 1,051	\$ 1,128	\$ 1,024
Company saleable Au produced (oz)	28,948	31,636	109,102	77,900
Company saleable Ag produced (oz)	725,243	1,021,189	2,545,984	3,329,519
Company saleable Sb produced (t)	937	926	3,712	3,639
Company saleable Au Eq produced (oz)	43,393	52,601	166,679	154,810
Company Average Cash Cost per oz Au Eq. Oz	\$ 751	\$ 748	\$ 764	\$ 756
Company Average All-in Cost per oz Au Eq. Oz.	\$ 1,034	\$ 1,009	\$ 1,030	\$ 1,019

<sup>1</sup>Björkdal was acquired on September 9, 2014 so figures represent the period to December 31, 2014.

<sup>2</sup>The capital figures in the above table coincide with the financial statements.

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

Costerfield achieved a record year in terms of quantities produced and sold and low cash and all-in operating cost per ounce Au Eq produced. In the fourth quarter of 2015, Costerfield delivered cash operating costs and all-in costs of \$540 and \$760 per gold equivalent ounce (“Au Eq. oz”), respectively. For the year, Costerfield delivered cash operating costs and all-in costs of \$559 and \$773 per Au Eq. oz, respectively. The mining rate was intentionally trimmed from 167,000 t in 2014 to 153,000 t in 2015 so as not to build stockpiles in front of the plant, which has reached its maximum effective milling rate. However, the blast hole stoping with cemented rock fill mining method was continually refined, resulting in reduced mining cost to \$148/t from the previous year’s \$176/t. Similarly, continuous improvements in processing reduced costs from \$49.79/t in 2014 to 37.41/t in 2015.

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

In the fourth quarter Cerro Bayo delivered higher grades resulting in increasing silver and gold production relative to previous quarters of 2015. The improvement in grade resulted from the operation continuing with its planned mine-outs at Fabiola and Dagny, while developing the new mines at Delia SE and Coyita. The improved grades and higher production, combined with excellent control of mining costs (declining to \$46.96/t in the fourth quarter) and processing costs (declining to \$19.94/t in the fourth quarter), resulted in a return to lower cash costs per oz Ag net of Au credit of \$4.58 per oz and all-in costs of \$11.75 per oz in the fourth quarter, considerably better than the annual 2015 performance of cash cost of \$7.50 per oz and all-in cost of \$14.69/oz.

Stoping will commence in the Delia SE mine during the first quarter of 2016, as will on-vein development in Coyita, further growing supply of higher grade material. Conditions in the Delia SE mine require more ground support than typical at Cerro Bayo; the Company is planning to increase resources for ground support in order to maintain on-vein advance rates required to sustain planned levels of production and costs.

#### Björkdal gold mine, Sweden

In the fourth quarter of 2015, the Company completed a pilot on-vein test development mining program using its grade control methodology and successfully demonstrated that it can easily be implemented throughout the underground mine. This test program demonstrated that 30-50% of on-vein development material below cutoff grade can be discarded from the development material flow, significantly improving the grade of mill feed.

During the quarter as a whole, however, the average grade of the open pit and underground mines rose only slightly, to 1.41 g/t Au versus the average 1.36 g/t for the year. The average grade milled during the quarter was 1.14 g/t, less than the 1.22 g/t average for the year. What remains to be done is to increase the volume of selectively mined underground on-vein development ore and stoping ore. Achieving this will require increases in capital and operating development rates to compensate for the 30-50% material being discarded. As well, this strategy will require the development of shorter stope heights (decreasing from 20 meters to 15 meters). Once implemented, Mandalay expects that it will be able to commence better controlled selective stoping of higher grade material. These improvements will occur over the next several quarters.

Meanwhile, average mining costs rose from \$17.47/t in 2014 to \$19.52/t in 2015. Mining costs reached \$22.40/t in the fourth quarter as additional spending for grade control mapping, sampling and assaying were incurred and total mining costs were spread over fewer tonnes (because low grade on-vein development material was discarded). These effects were expected and are expected to more than be offset by higher gold production as Björkdal develops into a mine that supplies greater volumes of the higher grade selected material. Processing costs declined slightly from \$6.94/t in 2014 to \$6.65/t in 2015 while maintaining a bit over 88% average recovery.

#### Development projects

*Challacollo* – At the Challacollo silver-gold project in northern Chile, progress was made on finding alternate sources of water, with claims and applications for water exploration permits filed. The Company expects to commence drilling for water upon receipt of permits.

*La Quebrada* – The La Quebrada copper-silver project in central Chile, currently held for sale, remained on care and maintenance through the period.

#### Conference Call

Mandalay's management will be hosting a conference call for investors and analysts on February 19, 2016 at 8:00 am (Toronto time).

Analysts and interested investors are invited to participate using the following dial-in numbers:

Participant Number: (201) 689-8341  
Participant Number (Toll free): (877) 407-8289  
Conference ID: 13629257

A replay of the conference call will be available until 23:59 pm (Toronto time), March 4, 2016 and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number: (877) 660-6853  
Encore ID: 13629257

## 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 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. The Company defines adjusted net income as net income after excluding the impact of certain special items as described elsewhere in this press release. For a detailed reconciliation of net income to adjusted EBITDA and adjusted net income, please refer to management's discussion and analysis of the Company's financial statements for the fourth quarter and year ended December 31, 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 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.

For further information:

Bradford Mills  
Chief Executive Officer

Greg DiTomaso  
Director of Investor Relations

Contact:  
1.647.260.1566