



Mandalay Resources Corporation Provides Update on Challacollo Infill Drilling and Feasibility Study Progress

TORONTO, ON, September 10, 2014 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, MND.WT) is pleased to provide an update on the progress of its infill drilling and feasibility study at its Challacollo, Chile, silver-gold project (click [here](#) for Figure 1 Property Map).

Key activities to date include:

- The General Manager and Construction Manager have been hired and are managing the feasibility and permitting work.
- The major components of the feasibility study (e.g. drilling, assaying, metallurgical studies, hydrogeological studies, plant and tailings design, environmental impact evaluation, overall feasibility study preparation and the permitting application) have been tendered and contracts established with selected contractors.
- Baseline studies of environmental, community and social aspects of the project are in progress as part of the permitting plan.
- Infill drilling of the existing Inferred Mineral Resource is complete. Through September 3, Mandalay had completed 6,469 meters of infill HQ diamond core in 36 holes. Assays have been received for 23 of these holes as reported in Table 1 below.
- Drilling has shifted to testing extensions of the main Lolon vein and other vein targets in the district.
- Metallurgical testing (assaying, crushing, comminution, agitation leaching, filtration) of bulk underground and diamond drill core samples is in progress for process selection and plant design.
- Groundwater exploration and well development planning is in progress along with the evaluation of other infrastructure requirements.

Brad Mills, CEO of Mandalay, commented, "The feasibility study launched in March of this year is on track for its intended conclusion in the first quarter of 2015. We have identified and hired an excellent management team for the project, who are conducting the geological, metallurgical, hydrogeological, infrastructure, environmental and cultural studies at the planned pace and cost."

Mr. Mills continued, "Drilling results to date have demonstrated consistent continuity of mineralization and confirmed similar grades to those derived from previous drilling conducted by Silver Standard, from whom Mandalay purchased the project in February of this year. These drill results are also consistent with the Independent Technical Report and Mineral Resource estimated by RPA, published in January of this year. These new results give us confidence that the program will be successful in its objective of upgrading substantially all of the previously Inferred Mineral Resource to Indicated, ready to convert to Mineral Reserves once they are incorporated into a mine plan as part of a successful conclusion of the feasibility study."

The Drill Program

The current drill program commenced in May, 2014, with the objective to infill some 3.9 million tonnes of Inferred Mineral Resources at 193 grammes per tonne ("g/t") silver and 0.32 g/t gold as estimated by Roscoe Postle Associates ("RPA") in their technical report dated January 30, 2014 and entitled "Technical Report on the Challacollo Silver-Gold Project, Region 1, Chile" (the "RPA Report") and convert them to Indicated and Measured categories to support the mine design portion of the feasibility study.

Infill core drilling of the resource portion of the Lolon vein is now completed. In addition we have identified extensions to the main Lolon vein and other nearby veins that could add to the mineral resource inventory and these targets are now being followed up with additional drill testing. All drilling activities are expected to be completed by October.

A complete description of the property, geology and resources at the time of acquisition in February, 2014, is contained in the RPA Report, available on www.sedar.com.

(click [here](#) for Figure 2 Challacollo Veins)

(click [here](#) for Figure 3 Lolon Vein Long-Section)

Table 1 – Infill Drill Results through September 3, 2014

Hole_ID	Hole Depth	Int. From (m)	Int. To (m)	Int. Angle (deg)	Int. TRUE Width (m)	Au Grade (g/t)	Ag Grade (g/t)
DCH-01	200	87.2	101.0	30	6.9	0.07	42
DCH-02	116.6	80.5	93.9	30	6.7	0.09	32
DCH-03	175	97.1	121.4	60	21.0	0.28	27
DCH-04	142.9	115.0	117.4	60	2.1	0.03	17
DCH-05	158.7	98.0	122.5	36	14.4	0.17	52
DCH-06	190	143.7	164.9	32	11.2	0.34	134
DCH-07 ⁽¹⁾	134.6						
DCH-07A	199	166.0	187.7	44	15.1	0.43	306
DCH-08	187.3	158.6	163.9	40	3.4	0.40	266
DCH-09	148.7	106.5	129.2	60	19.6	0.48	239
DCH-10	190	150.4	179.8	30	14.7	0.28	277
DCH-11	132.6	98.1	119.5	57	17.9	0.42	155
DCH-12	145.2	96.0	103.6	60	6.6	0.48	351
DCH-13	242.5	193.4	219.0	50	19.6	0.08	111
DCH-14	241	196.4	206.1	40	6.2	0.32	121
DCH-15	162.5	113.6	122.0	40	5.4	0.26	104
DCH-16	200.7	169.0	186.9	50	13.7	0.20	250
DCH-17	163.9	140.4	159.7	40	12.4	0.31	70
DCH-18	215.5	188.7	202.5	50	10.6	0.10	83
DCH-19	161.9	118.2	139.4	60	18.4	0.32	92
DCH-20	250	172.6	214.4	45	29.6	0.32	171
DCH-21	136.4	98.2	128.5	30	15.2	0.68	232
DCH-22	212.7	167.0	199.7	30	16.4	0.38	97
DCH-23	107.8	72.0	98.3	40	16.9		
DCH-24	170.7	77.2	102.7	60	22.1		
DCH-25	130	95.0	117.9	40	14.7		
DCH-26	180	126.0	153.8	30	13.9		
DCH-27	110.7	39.1	61.4	30	11.2		
DCH-28	120	69.7	106.0	30	18.2		
DCH-29	120	45.8	83.0	50	28.5		
DCH-30	140	75.3	99.3	30	12.0		

DCH-31	387.5	126.7	130.2	30	1.7	0.02	3
DCH-32	130.7	106.7	113.3	40	4.2		
DCH-33	128.2	72.0	91.1	70	17.9		
DCH-34	89.3	57.6	77.8	40	13.0		
DCH-35	198.8	153.0	171.6	50	14.2		
DCH-36	282.0	216.0	244.6	30	12.8		

(1) Hole abandoned for equipment problems, re-drilled as DCH-07A

Mandalay follows a strict Quality Assurance and Quality Control ("QA/QC") program in accordance with industry standards that includes incorporation of blanks and standards in every assay batch as well as duplicate assays of selected samples. Core is logged by Mandalay geologists before mineralized intervals are sawn in half. Mandalay geologists then bag half the core on-site for assay and store the remaining core for reference. Samples are shipped to the ALS laboratory in Antofagasta, Chile, where Mandalay blanks are inserted before the samples are crushed and pulverized. Mandalay certified standards, previously prepared from Challacollo material, are then inserted in each batch before the pulps are shipped to ALS in Lima, Peru, for analysis.

All samples are analyzed for 41 elements using ICP-AES with aqua regia leach, as well as assayed using 30 g fire assay with gravimetric finish for Au and Ag in addition to cyanide leach for Ag, Au, and Cu.

Qualified Person:

Ronald Luethe, General Manager of Minera Mandalay Ltda. is an Idaho registered Professional Geologist and an AIPG Certified Professional Geologist. As a Qualified Person defined by NI 43-101, he has reviewed and approved the technical and scientific information contained in this release.

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About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with production and exploration assets in Australia and 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, in particular the significance of reported drill intercepts from the Challacollo Project with respect to the Company's operational plans and expectations. Readers are cautioned not to place undue reliance on forward-looking statements, since actual results and developments may differ materially from those contemplated by these statements depending on, among other

things, changes in commodity prices, general market and economic conditions, and success of future drilling. 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, a copy of which is available under Mandalay's profile at www.sedar.com. In addition, there can be no assurance that any resources that are discovered as a result of 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.

Figure 1: Challacollo Property Map

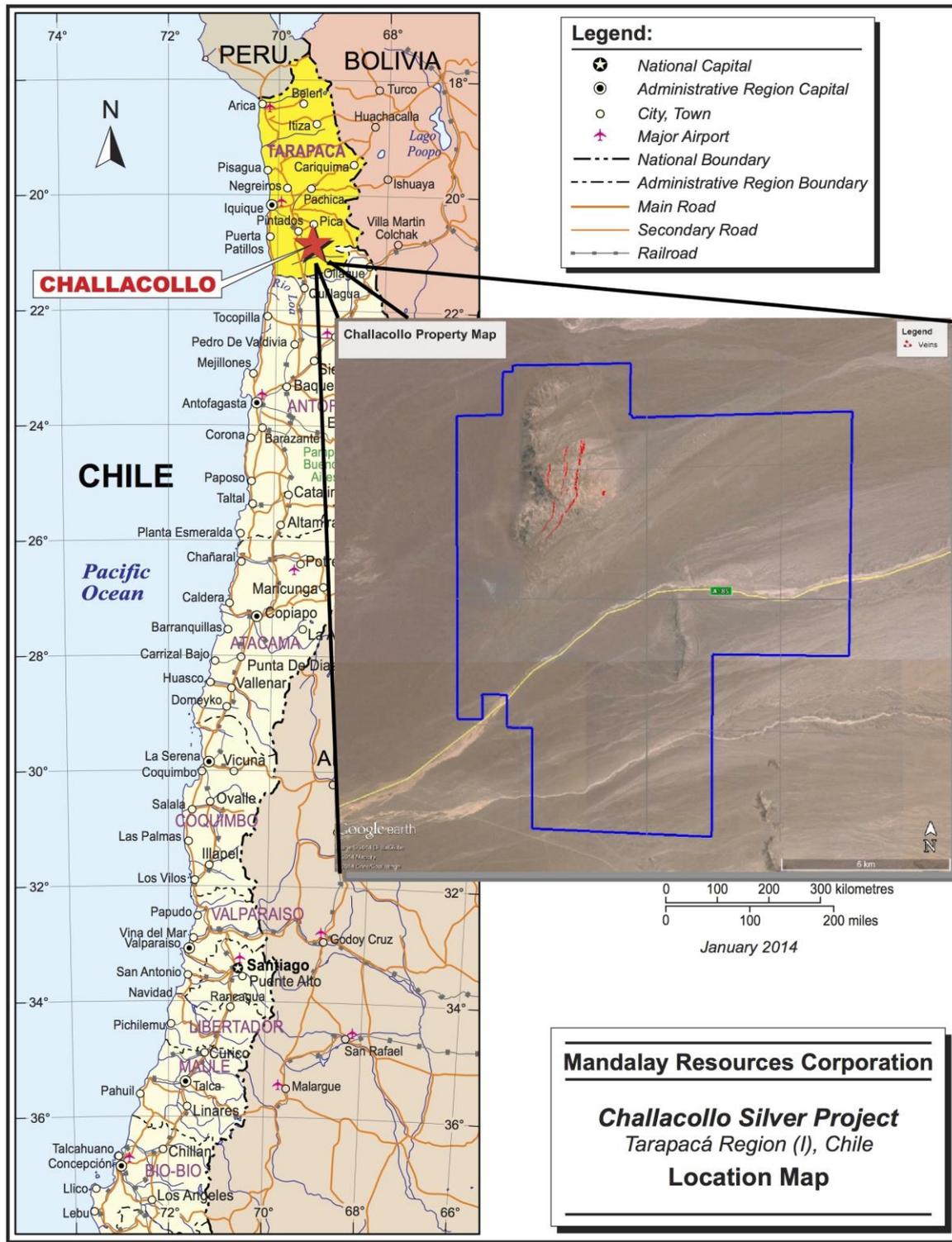


Figure 2: Challacollo Veins

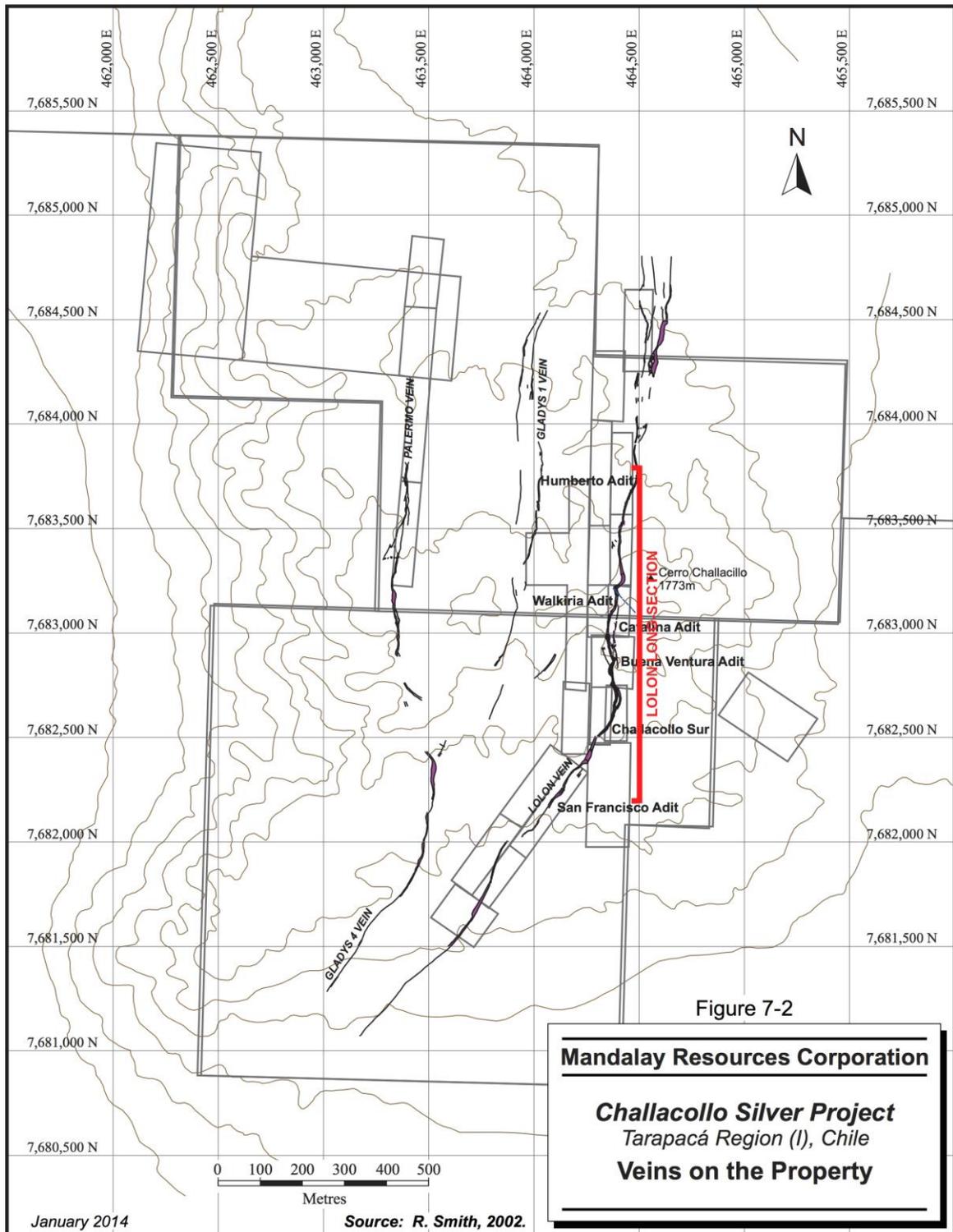
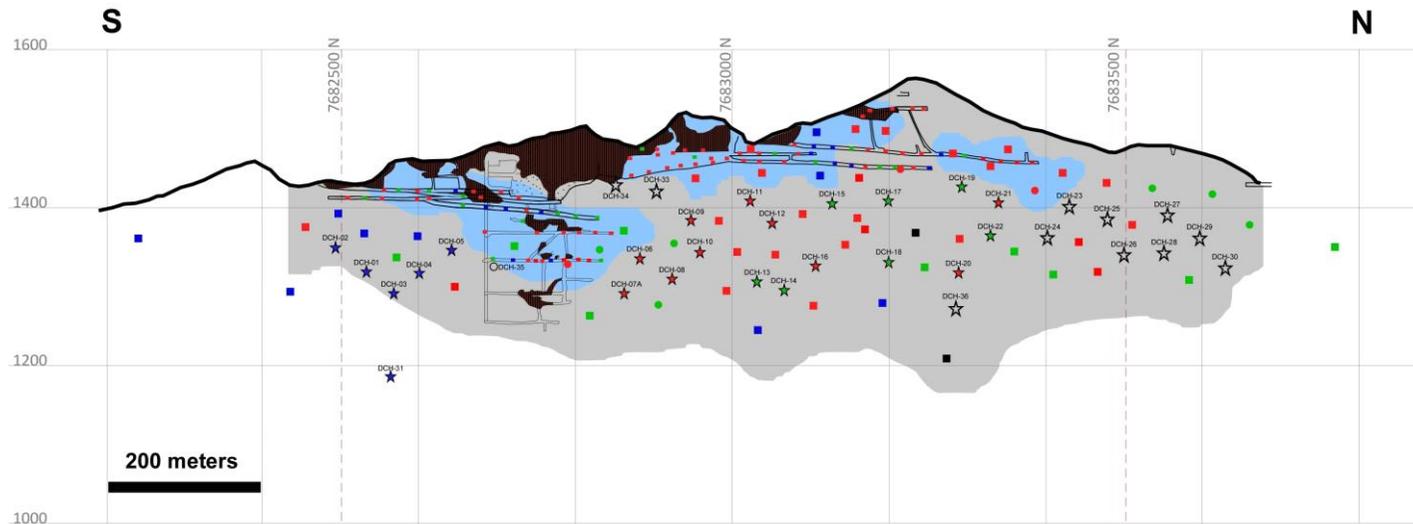


Figure 3: Lolon Vein Long-Section



**CHALLACOLLO PROJECT
LONGITUDINAL SECTION LOOKING WEST**



LEGEND

- | | | | | |
|---|--|--|---|--|
| <p>ASSAY COLOR LEGEND</p> <ul style="list-style-type: none"> ■ > 150 g/t AgEq ■ 70 - 150 g/t AgEq ■ < 70 g/t AgEq ■ missed Lolon vein <p>NOTE: Grades are diluted to 4 m minimum mining width (64 g/t Ag = 1 g/t Au)</p> | <p>MINE WORKINGS</p> <ul style="list-style-type: none"> — Developed ■ Stopped | <p>2014 RESOURCES</p> <ul style="list-style-type: none"> ■ Measured ■ Indicated ■ Inferred | <p>Mandalay Core Hole ID</p> <ul style="list-style-type: none"> ★ Completed - assays pending <p>NOTE: Holes and workings projected to section</p> | <ul style="list-style-type: none"> □ Pre-Mandalay RC hole results previously reported ○ Pre-Mandalay core hole results previously reported |
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