

MANDALAY RESOURCES ANNOUNCES MULTIPLE HIGH-GRADE DRILL INTERCEPTS ON SEVERAL VEINS AND BEGINS INFILL DRILLING AT ITS CERRO BAYO SILVER-GOLD MINE, CHILE

TORONTO, ON, July 9, 2014 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) is pleased to announce encouraging results of its continuing wide-spaced core drilling program from underground and surface platforms to probe for vein extensions and has recognized two new veins under Laguna Verde (click [here](#) for *Figure 1 – Laguna Verde Drill Plan View*).

Highlights of the results during the first half of 2014 include:

- *Coyita vein (Figure 2 and Table 1)* — Thirteen new intercepts have defined the extension of the Coyita vein, establishing a strongly mineralized zone approximately 500 m along strike and at least 200 m down dip on the vein. The best intercepts occur between the Laguna Verde fault and the Peninsula fault, although the vein continues to the northwest of the Laguna Verde fault, where the existing reserves are located, and to the southeast of the Peninsula fault.
- *Yasna vein (Figure 3 and Table 2)* — New drilling has not extended the previously disclosed 200 m by 50 m mineralized zone in Yasna under Laguna Verde, half of which lies in the hanging wall of the Laguna Verde fault. However, one drill hole between the two previously announced intercepts has confirmed the zone. The previously announced limit of reserves in the Yasna vein under the northwest lake shore has been extended to the southeast for approximately 75 m by underground development sampling on two levels which are still open, and by one new drill hole.
- *Kasia vein (Figure 4 and Table 3)* — Kasia is a new vein that has been recognized in eight intercepts. The mineralized zone extends at least 300 m along strike, straddling the Laguna Verde fault, with the best intercepts located in the hanging wall of the fault. The top of the zone is well defined, whereas the bottom is open, with a dip dimension of at least 75 m.
- *Irene vein (Figure 5 and Table 4)* — Five intercepts in the newly recognized Irene vein include one very high-grade intercept in the hanging wall of the Laguna Verde fault and four low-grade intercepts in the footwall.

Brad Mills, CEO of Mandalay, commented, "Mandalay's 2014 drilling to follow up on the initial high-grade intercepts on Yasna and Fabiola veins under Laguna Verde, reported on January 15, 2014, has been rewarded with excellent results, particularly on the Coyita vein. There, we have delineated a continuously mineralized zone 1 – 3 m wide for more than 500 m along strike and as much as 200 m down dip. There are some extraordinary intercepts reported in this zone, notably 1.47 m of 32.9 g/t Au and 1,821 g/t Ag in hole DLV14-025; 3.61 m of 8.87 g/t Au and 282 g/t Ag in hole DLV14-027; and 2.55 m of 4.47 g/t Au and 442 g/t Ag in hole DLV14-009."

Mr. Mills continued, “While new geologic interpretations have closed off extensions of the Fabiola vein under Laguna Verde, these interpretations plus new drill intercepts have confirmed the previously reported mineralized zone in Yasna and have defined two new mineralized veins, Kasia and Irene.”

“All our drilling for the remainder of the year will be for the purpose of infilling Coyita, Yasna, and Kasia veins in the footwall of the Peninsula fault; we expect a significant addition to resources and reserves in our year-end Technical Report. After this episode of infill drilling, we can return in 2015 to wide-spaced drilling in the hangingwall of the Peninsula Fault and elsewhere under Laguna Verde to continue tracing the veins further along strike and probing for new veins.”

Cerro Bayo drilling and assaying

A total of 9,327 m of diamond core in 34 holes were drilled at Cerro Bayo in the first half of 2014. Of these, 6,617 m in 22 holes were drilled under Laguna Verde from underground stations in the Dagny and Yasna mines as well as from surface platforms around the lake. All holes were directionally surveyed. Core was logged and sampled by Mandalay geologists. Core samples, including blanks, standards, and duplicates, were assayed on-site at the Compañía Minera Cerro Bayo laboratory. The Cerro Bayo laboratory, which was audited in 2011 by SGS Lakefield Research Ltd., routinely sends check samples to ALS Laboratory (an ISO 9001:2008 and ISO/IEC 17025:2005 certified laboratory) in La Serena, Chile, following QA/QC practices established by Mandalay. See the Company’s previously filed technical report entitled “Technical Report on the Cerro Bayo Project, Region XI (Aisen), Chile”, dated March 28, 2014, for a full description of the drilling, logging, assaying, and estimation processes, including data verification measures.

Locations of the veins discussed in this press release appear in [Figure 1](#), along with the locations and orientations of the drill holes.

Drilling results in the Laguna Verde area

The following tables report intercepts obtained through June 30, 2014, by vein and according to current structural interpretations. These interpretations are subject to revision as more closely spaced drilling is completed.

Table 1. Summary intercepts of mineralization tentatively correlated with the Coyita vein

Hole_ID	Hole Compl. Date	Hole Total Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elevation (m)	From (m)	To (m)	Intercept Length (m)	Intercept True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
DLV14-006	16/03/2014	499.45	272160.12	4840768.51	163.77	222.85	226.14	3.29	2.92	2.67	63
DLV14-009	28/03/2014	512.45	272178.93	4840764.65	125.52	228.45	231.40	2.95	2.55	4.47	442
DLV14-013	23/04/2014	609.00	272141.19	4840828.24	162.58	230.80	233.90	3.1	2.26	2.89	347
DLV14-016	24/04/2014	329.85	271967.60	4841190.82	122.46	298.70	301.90	3.2	2.45	0.59	126
DLV14-017	14/05/2014	583.85	272141.38	4840810.27	169.43	232.82	235.05	2.23	1.75	4.34	215
DLV14-020	20/05/2014	317.55	272178.50	4840869.75	16.02	300.63	305.70	5.07	2.50	2.74	90
DLV14-019	02/06/2014	647.55	272303.22	4840689.41	-45.20	350.50	353.62	3.12	2.23	2.04	30
DLV14-021	06/06/2014	452.20	272022.55	4840931.12	113.97	372.40	376.85	4.45	2.16	0.85	183
DLV14-022	17/06/2014	465.05	272194.95	4840663.26	146.31	166.27	167.15	0.88	0.68	0.05	1
DLV14-023	20/06/2014	341.30	272278.00	4840625.01	84.06	262.36	264.50	2.14	1.84	0.51	38
DLV14-024	17/06/2014	371.50	272143.40	4840912.31	83.93	344.75	347.06	2.31	1.33	0.75	221
DLV14-025	24/06/2014	311.20	272184.46	4840840.32	115.70	254.62	256.90	2.28	1.47	32.9	1821
DLV14-027	25/06/2014	300.45	272209.27	4840799.61	58.97	250.73	256.00	5.27	3.61	8.87	282

Table 2. Summary intercepts of mineralization tentatively correlated with the Yasna vein

Hole_ID	Hole Compl. Date	Hole Total Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elevation (m)	From (m)	To (m)	Intercept Length (m)	Intercept True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
DLV14-001	14/02/2014	496.80	NO VEIN INTERCEPT								
DLV14-002	14/02/2014	518.60	271800.42	4840934.90	152.28	454.60	455.40	0.80	0.73	1.05	202
DLV14-003	28/02/2014	530.75	271767.07	4840892.92	27.15	415.70	419.15	3.45	3.41	1.18	21
DLV14-006	16/03/2014	499.45	NO VEIN INTERCEPT								
DLV14-012	01/04/2014	170.00	271635.45	4841127.23	137.99	20.00	24.85	4.85	0.97	0.91	336
DLV14-013	23/04/2014	609.00	271808.65	4840836.04	19.64	593.56	595.30	1.74	0.89	1.77	93
DLV14-017	14/05/2014	583.85	271887.23	4840789.18	78.20	504.30	505.45	1.15	0.72	1.03	389
DLV14-018	04/05/2014	333.10	271637.21	4841101.93	122.93	278.65	278.95	0.30	0.23	0.96	236
DLV14-022	17/06/2014	465.05	272054.50	4840617.30	-17.33	366.92	387.54	0.62	0.25	1.96	180

Table 3. Summary intercepts of mineralization tentatively assigned to the Kasia vein

Hole_ID	Hole Compl. Date	Hole Total Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elevation (m)	From (m)	To (m)	Intercept Length (m)	Intercept True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
DLV14-001	14/02/2014	496.80	272227.08	4840557.65	-61.27	461.20	462.90	1.70	1.06	0.66	20
DLV14-002	14/02/2014	518.60	271832.2	4840954.93	156.49	492.60	492.95	0.35	0.35	0.05	1
DLV14-003	28/02/2014	530.75	271840.45	4840946.23	3.93	510.45	511.65	1.20	1.14	1.15	300
DLV14-006	16/03/2014	499.45	272010.21	4840723.71	98.70	393.00	394.90	1.90	1.64	0.05	1
DLV14-009	28/03/2014	512.45	272026.35	4840717.45	25.39	416.45	420.55	4.10	3.33	2.21	282
DLV14-013	23/04/2014	609.00	271931.23	4840831.97	70.63	461.00	462.20	1.20	0.85	2.13	359
DLV14-017	14/05/2014	583.85	NO VEIN INTERCEPT								
DLV14-019	02/06/2014	647.55	272227.09	4840582.46	-242.45	588.90	589.20	0.30	0.18	2.86	66
DLV14-022	17/06/2014	465.05	272130.94	4840641.72	70.10	268.38	268.70	0.32	0.21	2.99	101

Table 4. Summary intercepts of mineralization tentatively assigned to the Irene vein

Hole_ID	Hole Compl. Date	Hole Total Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elevation (m)	From (m)	To (m)	Intercept Length (m)	Intercept True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
DLV13-056	30/10/2013	529.85	271643.75	4840785.03	108.62	242.20	242.50	0.30	0.28	0.05	11
DLV13-072	01/12/2013	520.25	271579.96	4840836.05	90.86	228.85	229.55	0.70	0.70	0.24	39
DLV13-086	27/12/2013	603.10	271710.51	4840724.54	81.84	286.00	287.00	1.00	0.82	9.42	4026
DLV14-002	14/02/2014	518.60	271624.98	4840813.79	138.21	240.80	241.65	0.85	0.80	0.05	1
DLV14-003	28/02/2014	530.75	271628.75	4840792.46	71.14	240.70	241.10	0.40	0.39	1.02	83

Drilling results outside the Laguna Verde area

Approximately 2,700 m of core drilling was completed in 12 holes during the first half of 2014 on targets outside the Laguna Verde area, including the Cristal vein, the Esperanza system, and the Cerro Amarillo zone. This "new target testing" drilling has returned inconclusive results which are still undergoing evaluation.

Qualified Person

Scott Manske, Senior Geologist of Mandalay Resources, is an Oregon registered Professional Geologist. A "Qualified Person" as defined by NI 43-101, he has reviewed and approved the technical and scientific information on Cerro Bayo contained in this release.

For further information:

Bradford Mills

Chief Executive Officer

Greg DiTomaso

Investor Relations

Contact:
647.260.1566

About Mandalay Resources Corporation:

Mandalay is a Canadian-based natural resource company with producing assets in Australia and producing and development 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 Mineral Resources, Mineral Reserves (including anticipated increases of each), ongoing exploration plans and goals. 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 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 current or future 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.