



Mandalay Resources Corporation Increases Gold Reserves by 41% and Antimony Reserves by 108% in 2013

TORONTO, ON, February 13, 2014 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) is pleased to announce that its 2013 exploration and acquisition efforts have resulted in a significant increase in Mineral Resources and Mineral Reserves. Cerro Bayo replaced mined reserves during the year and generated a large boost in Inferred Resources from the recently announce drilling for extensions to Fabiola and Yasna veins. Costerfield Reserves increased due to the conversion of a significant amount of Inferred Resource in the Cuffley and N Lodes through a combination of infill drilling and first mine development. The major boost in Inferred Resource of silver came from inclusion of Inferred Resources at the recently acquired Challacollo project. La Quebrada Resources were unchanged during the year.

In the Proven and Probable Reserve category, contained gold ("Au") increased by 41%, contained silver ("Ag") declined by 2% and contained antimony ("Sb") increased by 108%. In the Measured and Indicated Resource category, contained Au increased by 31%, contained Ag increased by 18%, contained Sb increased by 52% and contained copper ("Cu") was unchanged. In the Inferred Resource category, contained Au increased by 26%, contained Ag increased by 811%, contained Sb increased by 13%, and contained Cu was unchanged. All changes are net of mine depletion at year-end 2013.

Table 1: Mandalay Total Mineral Reserves effective as of December 31, 2013

Category	2013			2012		
	Au (cont. oz)	Ag (cont. oz)	Sb (cont. t)	Au (cont. oz)	Ag (cont. oz)	Sb (cont. t)
Proven	61,000	4,705,000	3,000	47,000	4,803,000	3,100
Probable	240,000	13,197,000	12,000	167,000	13,447,000	4,100
Proven + Probable	301,000	17,902,000	15,000	214,000	18,250,000	7,200

Notes:

1. Reserves are contained in Cerro Bayo and Costerfield properties only.
2. See tables 4 and 6 for details of Proven and Probable Reserve tonnages and grades at each property, including cut-off grades and Qualified Persons.
3. Numbers may not add due to rounding.

Table 2: Mandalay Total Mineral Resources, Inclusive of Mineral Reserves effective as of December 31, 2013

Category	2013				2012			
	Au (cont. oz)	Ag (cont. oz)	Sb (cont. t)	Cu (cont. lb)	Au (cont. oz)	Ag (cont. oz)	Sb (cont. t)	Cu (cont. lb)
Measured	99,000	5,596,000	8,000	-	76,000	5,521,000	8,200	-
Indicated	367,000	35,372,000	22,000	459,000,000	278,000	27,954,000	12,900	459,000,000
Measured + Indicated	465,000	40,968,000	32,000	459,000,000	355,000	33,475,000	21,100	459,000,000
Inferred	221,000	30,280,000	22,000	13,000,000	175,000	3,322,000	19,500	13,000,000

Notes:

1. See tables 3, 5, 7 and 8 for details of tonnages and grades at each property.
2. Contained copper derives only from La Quebrada.
3. Mineral Reserves have not yet been estimated for Challacollo or La Quebrada.
4. Numbers may not add due to rounding.

Details of the NI 43-101 compliant Resource and Reserve estimates at each property are given below. They have been performed and/or verified by independent third parties: Roscoe Postle Associates Inc. ("RPA") at Cerro Bayo and Challacollo, SRK Consulting (Australasia) Pty Ltd. ("SRK") at Costerfield, and Michael Easdon at La Quebrada. The La Quebrada Mineral Resource estimate is fully documented in a Technical Report filed August 16, 2012 on www.sedar.com. The Challacollo Mineral Resource estimate is fully documented in a Technical Report filed February 7, 2014, on www.sedar.com. The year-end 2013 estimates of Mineral Resources and Reserves at the Cerro Bayo and Costerfield mines will be fully documented in independent Technical Reports to be filed on www.sedar.com within 45 days of this press release.

Brad Mills, CEO of Mandalay, commented, "Mandalay's strategy of reinvesting operational cash flow in exploration was successful once again in 2013. Cerro Bayo, initially acquired in 2010 and restarted with a nominal mine life of three years based on Proven and Probable Reserves at the time, replaced 2013 depletion and now has a nominal life of approximately six years after three years of production. Costerfield converted most of the potential Measured, Indicated, and Inferred mill feed documented in the Preliminary Economic Analysis ("PEA") of mining the Cuffley lode (see press release dated September 10, 2013) to Mineral Reserves; it has extended its mine life to over three years at the current higher production rates."

Mr. Mills continued, "At Cerro Bayo, the Company has expanded existing Mineral Reserves in the Marcela, Coyita, Delia NW, and Yasna veins. In addition, it added Mineral Reserves at two new veins that previously had none, Trinidad and Raul. Significantly, as previously reported (see press release of January 15, 2014) two of three widely spaced diamond drill holes drilled into Fabiola and Yasna veins intersected high-grade mineralized zones in both target veins up to 500 m along strike from existing Mineral Reserves. The extensions of these two veins now have been preliminarily estimated to contain some 3.5 million ounces of Inferred Resources at well above average silver and gold grades from the very limited drilling completed to date. Follow-up drilling to determine the size of the shoots is underway now."

Mr. Mills further commented, "At Costerfield, the Company focused drilling in the first half of the year on expanding Mineral Resources for the Cuffley PEA, and in the second half of the year on converting those Resources to Mineral Reserves. With a growing mine life ahead of us, we are now turning our attention to drill testing several kilometres of favorable strike length where previous wide-spaced drilling intersected veins of potentially economic grade over potentially mineable widths.

Concluding his remarks, Mr. Mills said, "Finally, in addition to growing resources and reserves through mine site exploration, we added 8 million oz Ag of Indicated and 24.3 million oz Ag of Inferred Resource with our acquisition of the Challacollo property in Chile. We have embarked on a 12 month study to determine the feasibility of building an underground mine and processing facility at the property. Based on a successful conclusion of this study we would expect most of the resources to convert to reserves in time for our next annual update."

Cerro Bayo 2013 Exploration and Resulting Reserves and Resources

During 2013, Mandalay drilled approximately 37,543 metres ("m") of diamond core at a cost of US\$4.77 million in the Yasna, Fabiola, Bianca, Dagny, Delia NW, Coyita, Trinidad, Marcela Sur and Raul veins. As well, mapping and closely spaced sampling along 6,751 m of vein drive advance in the Bianca, Dagny, Fabiola, Yasna, and Delia NW veins, 5,395 m of which were in mineralization, formed the basis for upgrading previously Indicated and Inferred Mineral Resources to Measured Mineral Resources, and subsequently Proven Mineral Reserves. In addition, Raul and Trinidad veins were incorporated into Mineral Resources and Mineral Reserves.

Drill core was logged and sampled by Mandalay geologists and both core and mine samples 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 consistent with quality assurance and quality control ("QA/QC") practices established by Mandalay.

Core and mine sample data was entered into Vulcan software and vein walls were interpreted manually in a wireframe model. Gold values for the diamond drill holes and channel samples were capped at a range of 10 grams per tonne ("g/t") to 70 g/t; silver values were capped at a range of 1,000 g/t to 6,000 g/t (and 10,000 g/t for a Dagny vein high-grade envelope) before compositing across the vein width. A bulk density of 2.63 t/m³ was used. Grades for gold and silver for each resource block were estimated by the inverse distance cubed method. Parent block (length x 1m x 1m) and sub block (0.1m x 1m x 1m) sizes were used with a resultant block size of the vein width x 1m x 1m.

Mineral Resources were estimated at a cut-off grade of 163 g/t Ag equivalent ("AgEq") grade (using US\$1,400/oz Au and US\$24/oz Ag) over a minimum vein width of 1.2 m.

AgEq is calculated using the formula $AgEq = Ag + (Au \times 59.64)$ where Ag and Au are in grams per tonne.

Table 3: Mineral Resources at Cerro Bayo, Inclusive of Mineral Reserves, as of December 31, 2013

Category	Tonnes (t)	Au Grade (g/t)	Ag Grade (g/t)	Au (cont. oz) ('000)	Ag (cont. oz) ('000)
Measured	411,000	3.6	423	48,000	5,596,000
Indicated	1,633,000	3.2	308	167,000	16,172,000
Measured + Indicated	2,044,000	3.3	331	214,000	21,768,000
Inferred	433,000	3.3	400	46,000	5,580,000

Notes:

1. Canadian Institute of Mining ("CIM") standards were followed for estimating Mineral Resources.
2. The Independent Qualified Person for the Cerro Bayo Mineral Resource estimate is Rosmary Julia Cardenas Barzola, MAusIMM (CP Geo), RPA, who is a Qualified Person as defined by National Instrument 43-101 ("NI 43-101").
3. Mineral Resources are estimated at a cut-off grade of 163 g/t AgEq. AgEq is calculated using the formula $AgEq = Ag + (Au \times 61.64)$ where Ag and Au are in grams per tonne.
4. Wireframe vein models were used to constrain the Cerro Bayo Resources.
5. Mineral Resources were estimated using US\$1,400 per oz. Au and US\$24 per oz. Ag
6. A minimum vein width of 1.2 m was used.
7. A bulk density of 2.63 t/m³ was used.
8. No legal, political, environmental, or other risks are known to the above referenced Qualified Person that could materially affect the potential development of the mineral resources reported above.
9. Mineral Resources are inclusive of Mineral Reserves.
10. Numbers may not add due to rounding.

From this resource, a mine plan was designed based only on Measured and Indicated Resources using the same blast hole open stoping method as employed in the current operation. Silver price of \$20/oz and gold price of \$1,200/oz were used to estimate cut-off grades and test financial viability. A cut-off grade of 200 g/t AgEq and a minimum mining width of 2.4 m were used, with planned and unplanned dilution at variable grade depending on the vein.

Table 4: Mineral Reserves at Cerro Bayo, as of December 31, 2013

Category	Tonnes (t)	Au Grade (g/t)	Ag Grade (g/t)	Au (cont. oz)	Ag (cont. oz)
Proven	516,000	2.5	283	41,000	4,705,000
Probable	1,967,000	2.1	209	134,000	13,197,000
Proven + Probable	2,483,000	2.2	224	174,000	17,901,000

Notes:

1. CIM standards were followed for estimating Mineral Reserves.
2. The Independent Qualified Person for the Cerro Bayo Mineral Reserves estimates is Normand Lecuyer, P. Eng., RPA, who is a Qualified Person as defined by NI 43-101.
3. Mineral Reserves are estimated at a cut-off grade of 200 g/t AgEq (silver equivalent). AgEq is calculated using the formula $AgEq = Ag + (Au \times 61.64)$ where Ag and Au are in grams per tonne. Metal prices for determining cut-off grades were US\$1,200/oz Au and \$20/oz Ag.
4. Profitability of Mineral Reserves were estimated using a long-term gold price of US\$1,200 per ounce and a long-term silver price of US\$20 per ounce.
5. Veins are diluted to 2.4 m minimum mining width.
6. A bulk density of 2.63 t/m³ was used.
7. Dilution grades vary by vein.
8. No legal, political, environmental, or other risks are known to the above referenced Qualified Person that could materially affect the potential development of the mineral reserves reported above.
9. Numbers may not add due to rounding.

Reserves are net of mine depletion as of December 31, 2013. The \$4.8 million 2013 exploration cost divided by the 3.2 million AgEq oz added represents US\$1.50/oz Ag added to Proven and Probable Reserves.

Costerfield 2013 Exploration and Resulting Mineral Resources and Reserves

During 2013, Mandalay drilled approximately 20,000 m of diamond core for US\$4.8 million. Virtually all of the drilling extended or infilled Mineral Resources in W, N, and Cuffley lodes. In addition, the Company completed 5,988 m of operating development and mine sampling, mostly in N and Cuffley lodes, 5,038 m of which were in ore.

Drill core was logged and sampled by Costerfield geologists, who also performed mine sampling. All samples were sent to commercial labs for sample preparation and assay. Site geological and metallurgical personnel have implemented a QA/QC process that includes the regular submission of standard reference materials and blanks with drill and face samples submitted for assay to Onsite Labs in Bendigo, Victoria, Australia. Standard reference materials have been certified by Geostats Pty Ltd.

Core and mine sampling data were entered into Datamine software and composited to true vein width after applying a top cut of 150 g/t to the gold grades. Gold, antimony and lode thickness were estimated into a two dimensional block model for each lode using ordinary kriging.

Mineral Resources were estimated at a cut-off grade of 3.9 g/t Au equivalent ("AuEq") grade (using US\$1,400/oz Au and US\$12,000/t Sb) over a minimum vein width of 1.2 m. AgEq is calculated using the formula $AuEq = Au + (Sb \times 1.99)$ where Sb is in % and Au is in grams per tonne.

Table 5: Mineral Resources at Costerfield, Inclusive of Mineral Reserves, as of December 31, 2013

Category	Tonnes (t)	Au Grade (g/t)	Sb Grade (%)	Au (cont. oz)	Sb (cont. t)
Measured	191,000	8.4	4.3	51,000	8,000
Indicated	605,000	9.6	3.7	187,000	22,000
Measured + Indicated	796,000	9.3	4.1	238,000	32,000
Inferred	569,000	7.4	3.8	135,000	22,000

Notes:

1. CIM definitions followed for classification of Measured, Indicated, and Inferred Resources.
2. Mineral Resources estimated as of December 31, 2013, and depleted for production through December 31, 2013.
3. Mineral Resources stated according to CIM guidelines and include Mineral Reserves.
4. Tonnes resource and Sb rounded to nearest thousand; oz Au rounded to nearest thousand.
5. Numbers may not add due to rounding.
6. A 3.9 g/t Au Equivalent (AuEq) cut-off grade over a minimum mining width of 1.2 m is applied where AuEq. is calculated at a gold price of \$1,400/oz and an antimony price of \$12,000/t.
7. The Au Equivalent value (AuEq) is calculated using the formula: $AuEq = Au \text{ g/t} + 1.99 * Sb \%$
8. The cut-off grade has increased from 3.6 g/t AuEq used in the June 31, 2013, Mineral Resource estimate due to changes in the minimum mining width, metal price assumptions, updated costings, recoveries and other assumptions.
9. The Brunswick Mineral Resource has not been re-estimated since it was reported in Frederickson, D., 2009, Costerfield Gold and Antimony Project, Augusta and Brunswick Deposits. Frederickson Geological Solutions Pty Ltd.
10. Previously reported Indicated Resources for the Brunswick Deposit have been classified as Inferred by SRK here. A review of the available data could not support the Indicated classification due to discrepancies in the QA/QC data as

previously reported in Frederickson, 2009 and the lack of reconciliation data.

11. The Mineral Resource estimation for Augusta and Cuffley deposits was performed by Bob Lidbury, fulltime employee of SRK Consulting, BSc, MAIG, who is a qualified person under NI 43-101 and is the Competent Person for the Augusta and Cuffley Mineral Resource Estimates.
12. Bob Lidbury, BSc, MAIG, fulltime employee of SRK Consulting is a qualified person under NI 43-101 and is the Competent Person for the Brunswick Mineral Resource Estimate.

From the Mineral Resource, a mine plan was designed based only on Measured and Indicated Resource blocks using predominantly the cemented rock fill blast hole stoping method. A cut-off grade of 5.0 g/t AuEq and minimum mining widths of 1.8 m were used, with planned and unplanned dilution at zero grade. Financial viability of Proven and Probable Mineral Reserves was demonstrated at metal prices of US\$1,200/oz Au and US\$10,000/t Sb prices.

Table 6: Mineral Reserves at Costerfield, as of December 31, 2013

Category	Tonnes (t)	Au Grade (g/t)	Sb Grade (%)	Au (oz)	Sb (t)
Proven	71,000	8.3	4.4	20,000	3,000
Probable	350,000	9.4	3.4	106,000	12,000
Proven + Probable	420,000	9.2	3.6	126,000	15,000

Notes:

1. CIM definitions followed for classification of Proven and Probable Reserves.
2. Mineral Reserve estimated as of December 31, 2013, and depleted for production through December 31, 2013.
3. Tonnes and Ounces are rounded to the nearest thousand; contained antimony rounded to nearest hundred.
4. Totals are subject to rounding error.
5. Lodes have been diluted to a minimum mining width of 1.8 m
6. A 5.0 g/t Au Equivalent (AuEq) cut-off grade.
7. Commodity prices applied are gold price of \$1,200/oz, antimony price of \$10,000/t and exchange rate USD:AUD of 0.9.
8. The Au Equivalent value (AuEq) is calculated using the formula: AuEq = Au g/t + 1.99 * Sb %.
9. The cut-off grade has increased from 4.7 g/t AuEq used in the December 2012 Mineral Reserve Estimate.
10. The Mineral Reserve is a subset, a Measured and Indicated only Schedule, of a Life of Mine Plan that includes mining plan of Measured, Indicated and Inferred Resources
11. The Mineral Reserve estimate was prepared by Peter Fairfield, SRK Consulting, FAusIMM, who is a qualified person under NI 43-101.

The net increase of 140,000 oz AuEq in Proven and Probable Reserves for 2013 consists of a total of 223,000 oz AuEq added to Reserves, partially offset by the 83,000 oz that were depleted. The \$4.8 million 2013 exploration cost divided by the 223,000 oz added represents US\$21/oz Au Eq. added to Proven and Probable Reserves.

Challacollo 2013 Resources

For completeness, the Mineral Resources table for the Challacollo property is reproduced below from the Technical Report dated February 7, 2014, and filed on www.sedar.com. No further drilling or sampling has been performed on the project since that report.

Table 7: Mineral Resources at Challacollo as of December 31, 2013

Category	Tonnes (t)	Au Grade (g/t)	Ag Grade (g/t)	Au (cont. oz)	Ag (cont. oz)
Measured	-	-	-	-	-
Indicated	1,030,000	0.4	242	13,000	8,000,000
Measured + Indicated	1,030,000	0.4	242	13,000	8,000,000
Inferred	3,900,000	0.3	193	40,000	24,300,000

Notes:

1. CIM definitions were followed for classification of Mineral Resources.
2. Mineral Resources are estimated at a silver equivalent (AgEq) cut-off grade of 110 g/t.
3. Mineral Resources are estimated using a silver price of US\$24/oz and a gold price of US\$1,400 per ounce.
4. High silver and gold assay values were capped to 700 g/t Ag and 3.0 g/t Au, respectively.
5. A density of 2.4 g/cm³ was used.
6. The silver equivalent equation is $AgEq = g/t Ag + 63.97 * g/t Au$.
7. Numbers may not add due to rounding.

La Quebrada 2012 Resources

For completeness, the Mineral Resources table for the La Quebrada property is reproduced below from the Technical Report dated August 16, 2012, and filed on www.sedar.com. No further drilling or sampling has been performed on the project through December 31, 2013.

Table 8: Mineral Resources at La Quebrada, as of December 31, 2013

Category	Tonnes (t)	Cu Grade (%)	Ag Grade (g/t)	Cu (cont. lb)	Ag (cont. oz)
Measured	-	-	-	-	-
Indicated	34,800,000	0.6	10	459,000,000	11,200,000
Measured + Indicated	34,800,000	0.6	10	459,000,000	11,200,000
Inferred	1,000,000	0.6	11	13,000,000	400,000

Notes:

1. CIM definitions were followed for classification of Measured, Indicated and Inferred Mineral Resources.
2. The La Quebrada Mineral Resource estimate was prepared under the supervision of Ronald Luethe, an Idaho registered Professional Geologist and an AIPG Certified Professional Geologist and a Qualified Person under NI 43-101; it was reviewed and verified by Michael Easdon, an Oregon Registered Professional Geologist (No. 243), an AIPG Member (CPG-07646), and an Independent Qualified Person under NI 43-101.
3. Mineral Resources are estimated using Inverse Distance Cubed interpolation into 25m x 25m x replacement bed thickness blocks, with grade estimates for each replacement bed based only on composites from the same replacement bed.
4. Inferred Resource is defined by a minimum of one drill hole within a search radius of 300 m in the same replacement bed.
5. Indicated Resource is defined by at least two drill holes within a search radius of 300 m in the same replacement bed.
6. Mineral Resources are reported at a cut-off grade and thickness of 0.3% Cu over 3 m.
7. A bulk density of 2.71 t/m³ was used.
8. Numbers may not add due to rounding.

Qualified Persons:

For Cerro Bayo: Normand Lecuyer., P. Eng. and Rosmery Julia Cardenas Barzola, MAusIMM (CP Geo), both of Roscoe Postle Associates and both Independent Qualified Persons under NI 43-101, conducted the Mineral Reserve and Mineral Resource estimations reported here and have reviewed and approved the technical and scientific information on Cerro Bayo contained in this release.

For Costerfield: Peter Fairfield, Principal Consultant with SRK Consulting (Australasia) Pty Ltd; BEng (Mining), FAusIMM (No: 106754), and a Qualified Person as defined in NI 43-101, conducted the Mineral Reserve estimation reported here and has reviewed and approved the Mineral Reserve information contained in this press release. Bob Lidbury, Senior Consultant (Resource Geology) with SRK Consulting (Australasia) Pty Ltd, BSc, MAIG and a Qualified Person as defined in NI 43-101, conducted the resource

estimation reported here and has reviewed and approved the resource information contained in this release.

For Challacollo, Luke Evans, M.Sc., P. Eng., of Roscoe Postle Associates and Independent Qualified Person under NI 43-101 has reviewed and approved the technical and scientific information on Challacollo contained in this release.

For La Quebrada: Michael Easdon, an Oregon Registered Professional Geologist (No. 243), an AIPG Member (CPG-07646), and an Independent Qualified Person under NI 43-101 reviewed and approved the technical and scientific information on La Quebrada contained in the March 6, 2013 release, which is reproduced in this release.

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 mineral resources, mineral reserves, planned 2014 exploration program, and its contemplated expansion and development activities. 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 27, 2013, 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.