

MANDALAY RESOURCES ANNOUNCES HIGH-GRADE DRILL INTERCEPTS IN FABIOLA AND YASNA VEINS UNDER LAGUNA VERDE AT ITS CERRO BAYO SILVER-GOLD MINE, CHILE

TORONTO, ON, January 15, 2014 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) is pleased to announce the results of its first three, widely-spaced core holes drilled underground from the Dagny mine northeast to intersect the Fabiola and Yasna veins under Laguna Verde (click [here](#) for Figure 1 – Laguna Verde Drill Plan View). All three holes intercepted major veins, tentatively correlated with strike extensions of the Fabiola and Yasna veins (see Figure 1). Two out of the three holes (DLV13-056 and DLV13-086) intersected high-grade silver and gold mineralization over significant widths. In addition, there are additional significant intercepts, especially in DVL12-086, that are not obviously associated with any previously known veins.

Table 1 – Summary intercepts of mineralization tentatively correlated with the Yasna vein

Hole_ID	Hole Compl. Date	Hole Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elev (m)	From (m)	To (m)	Intercept Length	True Width	Gold Grade (g/t)	Silver Grade (g/t)
DLV13-056	30/10/2013	529.9	271851.6	4840878.1	88.3	470.2	471.9	1.7	1.5	0.8	154
DLV13-072	01/12/2013	520.3	271735.0	4840988.3	69.4	446.6	449.1	2.5	2.4	0.2	9
DLV13-086	27/12/2013	603.1	271960.4	4840758.9	42.2	528.7	555.1	26.4	5.3*	3.2	497

*20.3 m intercept - local vein inflection at approx. 15° to core axis defined a true width of 5.3 m

Table 2 – Summary intercepts of mineralization tentatively correlated with the Fabiola vein

Hole_ID	Hole Compl. Date	Hole Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elev (m)	From (m)	To (m)	Intercept Length	True Width	Gold Grade (g/t)	Silver Grade (g/t)
DLV13-056	30/10/2013	529.9	271817.3	4840863.4	91.7	432.4	434.8	2.4	2.1	12.5	2747
DLV13-072	01/12/2013	520.3	271722.0	4840976.6	70.1	427.9	432.8	4.9	4.7	0.1	6
DLV13-086	27/12/2013	603.1	271910.1	4840753.7	48.8	483.9	493.0	9.1	6.4	1.8	854

All significant intercepts averaging greater than 100 grams/tonne ("g/t") silver ("Ag") in these three drill holes are reported below.

Brad Mills, CEO of Mandalay, commented, "The mineralization encountered in these holes establishes that the mineralizing system responsible for both the Fabiola and Yasna veins extends for at least 500 m to the southeast beyond the limits of our current ore reserves. The widths and grades of mineralization are exceptional in DLV13-056 and DLV13-086, the southeasternmost two holes. At present, the geometries of the mineralized veins, especially those encountered in DLV13-086, are not entirely understood and it will require additional drilling to correlate them confidently in three dimensions."

"Wide-spaced drilling under the lake will resume shortly, after scheduled drill rig maintenance, focusing on the Coyita vein part of the system. Once the preliminary phase of wide-spaced test drilling is complete, we will implement a formal infill program to convert the priority targets

identified in this drilling to resources and reserves. The strike length and tenor of these vein extensions suggests the possibility of defining significant new mineral resources in the Fabiola, Yasna and nearby veins following infill drilling.”

Cerro Bayo drilling and assaying

Diamond core was drilled from an underground station in the Dagny mine. 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 20, 2013, 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.

Cerro Bayo drilling results

The three tables below present significant assay intervals from the three reported holes. All assay intervals tentatively correlated with the Fabiola and Yasna veins are included, plus all significant intervals averaging greater than 100g/t Ag in other veins. “Stringer” zones adjacent to larger veins consist of closely spaced veinlets hosted by altered wall rock.

Table 3 – DLV13-056

DRILLHOLE DLV13-056						
Sample	Vein	From	To	Length (m)	Gold Grade (g/t)	Silver Grade (g/t)
411282	Other Vein	430.30	430.60	0.30	0.79	209
411288	Fabiola	432.40	433.40	1.00	8.85	1510
411289	Fabiola	433.40	434.35	0.95	21.53	5162
411291	Fabiola	434.35	434.80	0.45	1.68	396
411316	Yasna	470.20	470.50	0.30	2.92	812
411317	Yasna	470.50	471.25	0.75	0.33	8
411318	Yasna	471.25	471.85	0.60	0.27	6
411333	Other Vein	510.50	511.50	1.00	0.63	110

Table 4 – DLV13-072

DRILLHOLE DLV13-072						
Sample	Vein	From	To	Length (m)	Gold Grade (g/t)	Silver Grade (g/t)
411445	Fabiola	427.90	428.30	0.40	0.05	18
411446	Fabiola	428.30	428.85	0.55	0.05	1
411447	Fabiola	428.85	429.88	1.03	0.05	8
411449	Fabiola	429.88	430.88	1.00	0.05	1
411450	Fabiola	430.88	431.38	0.50	0.05	4
411451	Fabiola	431.38	432.00	0.62	0.05	19
411452	Fabiola	432.00	432.80	0.80	0.05	1
411470	Yasna	446.60	447.29	0.69	0.40	22
411471	Yasna	447.29	448.20	0.91	0.05	3
411472	Yasna	448.20	449.05	0.85	0.30	7

Table 5 – DLV13-086

DRILLHOLE DLV13-086						
Sample	Vein	From	To	Length (m)	Gold Grade (g/t)	Silver Grade (g/t)
413309	Other Vein	277.85	278.55	0.70	3.15	735
413323	Other Vein	286.00	287.00	1.00	9.42	4027
413370	Fabiola stringers	483.90	484.90	1.00	0.73	228
413371	Fabiola stringers	484.90	485.90	1.00	0.17	106
413372	Fabiola stringers	485.90	486.90	1.00	1.20	553
413373	Fabiola stringers	486.90	487.90	1.00	0.17	39
413374	Fabiola stringers	487.90	488.89	0.99	0.80	518
413375	Fabiola	488.89	489.70	0.81	13.33	6907
413377	Fabiola	489.70	490.35	0.65	0.47	267
413378	Fabiola	490.35	490.65	0.30	0.33	303
413379	Fabiola	490.65	491.40	0.75	0.05	52
413380	Fabiola	491.40	491.85	0.45	1.37	475
413381	Fabiola	491.85	492.55	0.70	1.23	106
413382	Fabiola	492.55	493.00	0.45	1.00	322
413401	Other Vein	506.45	507.01	0.56	2.03	282
413402	Other Vein	507.01	508.00	0.99	1.23	101
413403	Other Vein	508.00	508.80	0.80	1.99	121
413404	Other Vein	508.80	509.85	1.05	2.76	119
413411	Other Vein	515.10	515.85	0.75	1.33	95
413412	Other Vein	515.85	516.85	1.00	0.99	121
413413	Other Vein	516.85	517.85	1.00	0.72	138
413414	Other Vein	517.85	518.65	0.80	2.06	264
413415	Other Vein	518.65	519.70	1.05	0.67	67
413417	Other Vein	519.70	520.66	0.96	2.92	441
413418	Other Vein	520.66	521.66	1.00	2.73	400
413419	Other Vein	521.66	522.10	0.44	0.93	163

413429	Yasna	528.70	529.50	0.80	1.26	594
413430	Yasna	529.50	530.30	0.80	3.07	405
413431	Yasna	530.30	530.72	0.42	1.26	391
413432	Yasna	530.72	531.17	0.45	1.00	177
413433	Yasna	531.17	531.97	0.80	2.61	359
413434	Yasna	531.97	532.70	0.73	2.15	331
413435	Yasna	532.70	533.40	0.70	1.33	281
413436	Yasna	533.40	534.10	0.70	1.91	255
413437	Yasna	534.10	535.25	1.15	1.96	644
413440	Yasna	535.25	535.52	0.27	1.06	187
413441	Yasna	535.52	536.55	1.03	0.93	119
413442	Yasna	536.55	537.40	0.85	1.22	445
413443	Yasna	537.40	538.00	0.60	1.60	672
413444	Yasna	538.00	538.75	0.75	9.63	1394
413445	Yasna	538.75	539.16	0.41	3.03	589
413446	Yasna	539.16	539.80	0.64	15.04	2915
413447	Yasna	539.80	540.83	1.03	6.45	914
413448	Yasna	540.83	541.45	0.62	6.81	961
413449	Yasna	541.45	542.40	0.95	1.02	163
413450	Yasna	542.40	543.55	1.15	3.60	493
413451	Yasna	543.55	544.70	1.15	9.17	807
413452	Yasna	544.70	545.60	0.90	14.45	1299
413453	Yasna	545.60	546.20	0.60	1.35	218
413454	Yasna	546.20	546.60	0.40	0.26	54
413455	Yasna	546.60	547.00	0.40	0.40	77
413456	Yasna	547.00	547.45	0.45	0.66	211
413457	Yasna	547.45	548.30	0.85	0.56	106
413459	Yasna	548.50	549.00	0.50	0.05	13
413460	Yasna	549.00	550.15	1.15	0.26	51
413461	Yasna	550.15	550.83	0.68	0.17	49
413462	Yasna	550.83	551.93	1.10	3.03	562
413463	Yasna	551.93	552.80	0.87	1.69	367
413464	Yasna	552.80	553.80	1.00	1.09	151
413465	Yasna	553.80	554.60	0.80	2.09	378
413466	Yasna	554.60	555.13	0.53	0.73	281
413481	Other Vein	578.75	579.25	0.50	2.93	1228
413484	Other Vein	579.25	579.85	0.60	1.71	403
413490	Other Vein stringers	584.20	584.50	0.30	0.96	104
413491	Other Vein stringers	584.50	585.15	0.65	5.65	176
413492	Other Vein stringers	585.15	585.45	0.30	0.05	1
413493	Other Vein	585.45	585.90	0.45	4.44	133
413494	Other Vein	585.90	586.15	0.25	0.66	33
413495	Other Vein	586.15	586.45	0.30	1.03	106

Qualified Person

Ronald Luethe, General Manager of Mandalay Chile 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 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 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, 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 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.