

MANDALAY RESOURCES CORPORATION REPORTS RECORD GOLD AND ANTIMONY PRODUCTION AND RECORD GOLD, ANTIMONY AND SILVER SALES FOR THIRD QUARTER, 2013

TORONTO, ON, October 7, 2013 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today its production and sales results for the third quarter of 2013.

Brad Mills, Chief Executive Officer of Mandalay, commented, "Mandalay continued its strong operating performance in the third quarter of 2013. Costerfield produced and sold record amounts of gold and antimony during the quarter. The higher production is due to greater tonnage mined and processed at excellent grades of both gold and antimony. Cerro Bayo has performed according to our expectations, given the disruptions associated with the fatality experienced in the quarter. Cerro Bayo delivered record silver sales, catching up on shipping delays experienced in the first quarter."

Mr. Mills continued, "Our operational performance over the first nine months of 2013 was extremely strong, with 12-57% growth in metals produced (depending on the metal) and 27-64% growth in metals sold. This performance, plus our operating commitments for the rest of the year, gives us confidence that full-year production will be at the upper end of our previously announced guidance of 20,000-25,000 ounces of gold and 2,800-3,000 tonnes of antimony from Costerfield and 16,000-21,000 ounces of gold and 2.8-3.1 million ounces of silver from Cerro Bayo."

"We expect Mandalay's organic growth to continue. As previously announced, capital development is occurring for the second access to the Delia NW vein at Cerro Bayo which is expected to lead to a production increase from the current 1,200 tonnes per day ("tpd") to approximately 1,400 tpd by the end of the first quarter of 2014. As well, the Company recently announced commencement of the development of the Cuffley lode at Costerfield, with initial production expected by the end of 2013. With the continued good exploration results recently announced at both operations, we expect to grow reserves at Costerfield and approximately replace reserves at Cerro Bayo in the Company's end of 2013 reserves update."

Saleable production for the three months ended September 30, 2013:

- The Company produced a record 14,442 ounces ("oz") saleable gold ("Au"), a record 966 tonnes ("t") saleable antimony ("Sb"), and 733,659 oz saleable silver ("Ag"), representing a total of 33,452 oz of saleable gold equivalent ("Au Eq.") production.
- Saleable production at Costerfield (Australia) was a record 8,831 oz Au and a record 966 t Sb.
- Saleable production at Cerro Bayo (Chile) was 5,611 oz Au and 733,659 oz Ag.

Saleable production for the nine months ended September 30, 2013:

- The Company's saleable production totaled 38,123 oz Au, 2,470 t Sb and 2,266,995 oz Ag, representing a total of 94,138 oz Au Eq. These are all records for the nine-month period

relative to previous years, with Au production exceeding 2012 performance by 57%, Sb production exceeding 2012 by 46%, and Ag production exceeding 2012 by 12%.

- Saleable production at Costerfield (Australia) was 21,913 oz Au and 2,470 t Sb, significantly greater than in the corresponding nine months of the previous year due to the continued success of the cemented rock fill stoping method at increasing mine output while decreasing dilution and increasing head grades, and due to incremental improvements in the plant that have allowed it to process at higher throughput rates while maintaining high recoveries.
- Saleable production at Cerro Bayo (Chile) was 16,210 oz Au and 2,266,995 oz Ag, significantly greater than in the previous year due to the operation having reached its designed 1,200 tpd rate late in 2012 and approximately maintained it through the first nine months of 2013.

Table 1. Third Quarter and Nine Month Production for 2013 and 2012

Metal	Source	3 months to 30 September 2013	3 months to 30 September 2012	9 months to 30 September 2013	9 months to 30 September 2012
Gold (oz)	Costerfield	8,831	4,317	21,913	12,129
	Cerro Bayo	5,611	4,787	16,210	12,069
	Total	14,442	9,104	38,123	24,198
Antimony (t)	Costerfield	966	594	2,470	1,696
Silver (oz)	Cerro Bayo	733,659	804,779	2,266,995	2,016,373
Average quarterly prices:					
Gold US\$/oz		1,328	1,654		
Antimony US\$/tonne		9,928	12,784		
Silver US\$/oz		21.33	29.83		
Au Eq. (oz) ¹	Costerfield	16,053	8,906	39,768	25,536
	Cerro Bayo	17,399	19,300	54,370	48,867
	Total	33,452	28,206	94,138	74,403

¹ Quarterly Au Eq. oz produced is calculated by multiplying the saleable quantities of Au, Ag, and Sb in the period by the respective average market prices of the commodities in the period, adding the three amounts to get a "total contained value based on market price", and then dividing that total contained value by the average market price of Au in the period. Average Au price in the period is calculated as the average of the daily LME PM fixes in the period, with price on weekend days and holidays taken of the last business day; average Sb price in the period is calculated as the average of the daily average of the high and low Rotterdam warehouse prices for all days in the period, with price on weekend days and holidays taken from the last business day; average Ag price in the period is calculated as the average of the daily London Broker's silver spot price for all days in the period, with price on weekend days and holidays taken from the last business day. The source for all prices is www.metalbulletin.com.

Sales for the three months ended September 30, 2013:

- The Company sold 14,622 oz Au, 777 t Sb, and 973,107 oz Ag, representing a total of 36,071 oz Au Eq., all record amounts.
- Costerfield sold 7,532 oz Au and 777 t Sb.
- Cerro Bayo sold 7,090 oz Au and 973,107 oz Ag.

Sales for the nine months ended September 30, 2013:

- The Company sold a total of 36,917 oz Au, 2,295 t Sb and 2,379,766 oz Ag, representing a total of 93,447 oz Au Eq. These are all records for the nine-month period relative to previous years, with 2013 Au sales exceeding 2012 sales by 64% year-over-year, 2013 Sb sales exceeding 2012 sales by 45%, and 2013 Ag sales exceeding 2012 sales by 27%.
- Sales from Costerfield were 20,263 oz Au and 2,295 t Sb, closely matching production.
- Sales from Cerro Bayo were 16,654 oz Au and 2,379,766 oz Ag, closely matching production.

Table 2. Third Quarter and Nine Month Sales for 2013 and 2012

Metal	Source	3 months to 30 September 2013	3 months to 30 September 2012	9 months to 30 September 2013	9 months to 30 September 2012
Gold (oz)	Costerfield	7,532	3,896	20,263	11,343
	Cerro Bayo	7,090	4,904	16,654	11,148
	Total	14,622	8,800	36,917	22,491
Antimony (t)	Costerfield	777	528	2,295	1,586
Silver (oz)	Cerro Bayo	973,107	803,810	2,379,766	1,875,235
Average quarterly prices:					
Gold US\$/oz		1,328	1,654		
Antimony US\$/tonne		9,928	12,784		
Silver US\$/oz		21.33	29.83		
Au Eq. (oz) ²	Costerfield	13,344	7,980	36,818	23,907
	Cerro Bayo	22,727	19,400	56,629	45,278
	Total	36,071	27,380	93,447	69,185

²Quarterly Au Eq. oz sold is calculated by multiplying the saleable quantities of Au, Ag, and Sb in the period by the respective average market prices of the commodities in the period, adding the three amounts to get a "total contained value based on market price", and then dividing that total contained value by the average market price of Au for the period. Au Eq values for 2012 have been recalculated according to the above reporting policy. The source for all prices is www.metalbulletin.com with price on weekend days and holidays taken of the last business day.

For Further Information:

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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 production of gold, silver and antimony for the 2013 fiscal year. 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 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.