



## **MANDALAY RESOURCES ANNOUNCES RESULTS OF ONGOING EXPLORATION AT ITS CERRO BAYO SILVER-GOLD MINE, CHILE**

TORONTO, ON, September 30, 2013 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) is pleased to provide an update on drilling results generated by the ongoing exploration program at its 100%-owned Cerro Bayo silver-gold mine in Aysen, Chile. Results presented here were acquired from January 1, 2013 to August 30, 2013. Highlights of these results include:

- *Resource Extension and Infill Drilling*
  - Drilling along Coyita, Marcela Sur, and Delia NW veins has delineated extensions to mineralization which are expected to contribute to the Company's year-end resource update.
  - Drill results reported previously for the Trinidad vein are expected to contribute to the Company's year-end resource update.
  
- *New Target Testing Drilling*
  - Drilling on one target (the Carola vein) has generated potentially economic grades and widths which are being investigated further.
  - Drilling on three other targets (Esperanza, Antimonio, and Condor III) intersected veins which have mineralization of typical minable grades but with sub-economic widths. These results suggest specific vectors toward potentially economic grades and widths that are being pursued by additional drilling.
  - Drilling on 11 other targets did not generate intersects of sufficient interest to warrant additional follow up drilling at this time.

Brad Mills, CEO of Mandalay, commented, "Infill and extension drilling at Cerro Bayo continues to delineate additional mineralization along the veins we are currently mining or plan to mine in the near future. We expect this work to at least replace the Company's resource depletion for 2013 with additions in Coyita, Marcela Sur, Delia NW and Trinidad (adjacent to Delia NW) veins. In addition, we have begun drilling wide spaced long horizontal holes from underground platforms to test the strike lengths (500 metres each) of Fabiola, Yasna, and Coyita veins under Laguna Verde. Should these holes prove successful, we anticipate infill drilling and/or underground development to extend Mineral Resources on these veins during 2014."

Mr. Mills continued, "Our new target drill testing has confirmed one target, the Carola vein, with potentially economic grades and widths. At the Antimonio and Esperanza targets, while initial drilling failed to generate intersections of both mineable grade and width, we have identified possible vectors toward potentially more prospective parts of the systems. We continue to look for the faulted offset portion of the Raul/Cindy vein. Basic stratigraphic, structural, and geochemical work continues on the property to generate new quality targets on the property which we will test by future exploration drilling."

## **Cerro Bayo drilling and assaying**

During the reporting period, Mandalay drilled 22,777 metres (“m”) of diamond core in 99 holes for a cost of approximately \$3.0 million. Diamond 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](#).

## **Cerro Bayo drilling results**

### *Resource extension and infill targets*

Mandalay defines resource extension and infill drilling as drilling designed to extend and infill mineralization on veins that already contain estimated Mineral Resources. Results from this drilling will establish the support for the next resource estimate, in this case planned for the end of 2013.

- Coyita vein – The Coyita vein, drilled with 15 holes (3,244 m) in 2013, is thought to extend approximately 500 m further southeast beneath Laguna Verde but, because of its location, has proven difficult to test by surface drilling. Three recent holes have confirmed that the vein extends approximately 80 m beneath the lake with intercepts of potentially economic grade and width (see Table 1 below for Coyita Assay Table and click [here](#) for Figure 2: Coyita Long Section). Testing further under the lake, planned for later in 2013, will require horizontal drilling underground from the Yasna vein with the newly-acquired, high-capacity, LM-90 underground drill.
- Marcela Sur vein – Continued drilling on the Marcela Sur vein has demonstrated that mineable thicknesses of potentially economic grade continue 100 m along strike to the northwest as well as in previously untested areas as much as 100 m beneath the current mine workings (see Table 2 below for Marcela Sur Assay Table and click [here](#) for Figure 3: Marcela Sur Long Section). Mineralization has not been closed off at depth.
- Delia NW vein – Ten step-out holes at Delia NW (click [here](#) for Figure 1: Cerro Bayo District Targets) intersected potentially economic grades over mineable thicknesses that have potential to incrementally increase resources below the current mine plan (see Table 3 below for Delia NW Assay Table and click [here](#) for Figure 4: Delia NW Long Section). Additionally, a new ladder vein, Orienta, with potentially economic widths and grades was intersected between the Delia NW vein and the Dagny vein. This vein will be infill drilled in future months.

## *New Target Testing*

Mandalay defines new target drill testing as drilling designed to generate first intersections of potentially economic mineralization along veins on which the Company currently has no estimated Mineral Resource. Results of this drilling are used to prioritize targets for follow-up drilling.

- Carola – This vein, located northeast of the Dagny vein (click [here](#) for Figure 1: Cerro Bayo District Targets) was tested by five Mandalay holes (1,485 m). Two holes plus an earlier hole drilled by the previous owner have intersected high gold grades over mineable widths (see Table 4 below for Carola Assay Table and click [here](#) for Figure 5: Carola Long Section). Additional drilling and geologic interpretation are required to further understand this highly prospective target.
- Esperanza — Six holes tested this blue-sky target over a strike length of 350 m, intersecting significant mineralization over narrow widths in two holes (see Table 5 below for Esperanza Assay Table and click [here](#) for Figure 6: Esperanza Long Section). The vein is narrow where it cuts water-lain tuff and widens to the north where it cuts a rhyolite flow-dome. Follow up drilling is planned to extend the strike length through the rhyolite to the north.
- Antimonio — A set of quartz veins bearing strong antimony geochemical anomalies, but no silver, at surface occurs at Antimonio. Three holes (totalling 659 m) drilled beneath these outcrops have intersected significant silver grades in narrow veins at depth, but no potentially economic grades over mineable widths. Further drilling to intersect the veins deeper than 200 m is contemplated to test the hypothesis that silver grades may increase further at depth (see Table 6 below for Antimonio Assay Table and click [here](#) for Figure 7: Antimonio Cross Section).
- Raul/Cindy (Five holes, 1,164 m) – Four holes drilled to evaluate down dip projections of the vein, previously mined by open pit, returned sub-economic mineralization (see Table 7 below for Raul/Cindy Assay Table and click [here](#) for Figure 8: Raul/Cindy Long Section). A fifth hole designed to locate the vein south of a truncating fault failed to locate the vein. Reinterpretation of the fault offset is in progress.
- The remaining eleven targets – Condor I and III (twelve holes, 1,942 m), Chinita (seven holes, 1,315 m), Chatito (three holes, 518 m), Raul Oeste (three holes, 578 m), Pascuerito (one hole, 496 m), Veta Larga (three holes, 1,263 m), Mallines Oeste (four holes, 1,040 m), Cerro Amarillo (two holes, 535 m), Jermy (one hole, 270 m), Aguila (one hole, 57 m) and Graciela (two holes, 431 m) – returned generally negative or sub-economic results. However, a single deep hole on Condor III intersected 0.91 m at 63.35 g/t Au and 184 g/t Ag, which opens the possibility for deeper, high-grade mineralization which will be followed up with further drilling.

**Table 1: 2013 drill intercepts from Coyita**

Hole_ID	Hole Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elev (m)	From (m)	To (m)	Intercept Length (m)	True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
<b>Mandalay 2013</b>										
DCOY029	284.3	271844.3	4841278.9	135.6	171.9	173.8	1.9	1.2	0.40	66
DLV13-006	264.2	271393.8	4841826.7	138.1	212.0	213.1	1.1	0.6	4.16	26
DLV13-010	249.9	271313.6	4841894.9	199.2	171.9	172.5	0.6	0.4	0.10	9
DLV13-014	180.6	271857.3	4841235.8	171.8	142.9	146.3	3.4	1.9	2.54	257
DLV13-015	230.6	271820.1	4841327.9	110.1	169.0	177.2	8.2	4.0	1.50	111
DLV13-018	224.5	271876.3	4841256.3	131.4	163.6	167.1	3.5	1.5	6.46	279
DLV13-020	70.1	271690.0	4841497.5	237.2	54.0	54.5	0.5	0.3	4.39	1186
DLV13-021	209.1	271842.7	4841303.2	123.9	145.8	146.4	0.6	0.2	0.83	110
DLV13-023	242.1	271870.4	4841281.0	87.9	190.1	192.3	2.2	0.8	0.72	58
DLV13-027	284.5	271782.2	4841413.4	117.3	150.4	151.9	1.5	0.5	0.68	73
DLV13-028	152.0	271836.7	4841267.0	173.6	118.0	119.8	1.9	1.2	6.20	1144
DLV13-029	196.5	271844.3	4841278.9	135.6	144.3	145.0	0.7	0.3	0.43	60
DLV13-031	274.6	NO VEIN INTERCEPT								
DLV13-033	210.0	NO VEIN INTERCEPT								
DLV13-037	171.4	271734.1	4841441.3	157.3	149.4	152.1	2.7	1.2	2.35	154

**Table 2: 2012-13 drill intercepts from Marcela Sur**

Hole_ID	Hole Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elev (m)	From (m)	To (m)	Intercept Length (m)	True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
<b>Mandalay 2012</b>										
DMA001	320.1	279873.1	4841583.7	209.7	222.0	222.3	0.3	0.3	1.76	211
DMA002	204.4	279920.1	4841347.8	236.7	190.7	191.4	0.7	0.6	3.33	608
DMA003	305.9	279856.8	4841509.8	184.8	273.5	276.3	2.8	2.6	0.29	37
DMA004	265.3	280046.5	4840950.3	197.1	233.5	237.2	3.7	3.2	0.16	15
DMA005	175.6	279940.8	4841487.7	288.2	144.0	145.4	1.4	1.4	6.56	495
DMA006	329.2	280027.2	4840955.5	134.6	283.2	284.2	1.0	0.8	0.10	2
DMA007	301.7	279924.1	4841498.6	264.4	156.1	157.9	1.8	1.6	0.97	156
DMA008	302.2	280026.4	4840989.8	141.9	290.5	291.7	1.2	1.0	0.10	2
DMA009	226.6	279912.5	4841584.6	245.8	212.9	216.0	3.1	3.0	1.27	185
DMA010	249.2	279905.9	4841570.3	237.3	209.0	215.4	6.4	6.2	1.02	148
DMA011	430.1	279833.1	4841585.2	178.3	279.4	281.1	1.7	1.6	0.29	37
DMA012	342.4	279890.0	4841484.3	218.8	221.8	222.8	1.0	0.9	1.83	457
DMA013	472.8	279725.4	4841753.9	240.8	226.0	226.6	0.7	0.7	0.51	40
DMA014	400.8	279810.7	4841694.2	252.1	213.3	215.0	1.7	1.6	0.10	3
DMA015	400.8	279685.8	4841766.3	190.7	239.9	240.3	0.4	0.4	0.46	31
DMA016	325.1	279743.5	4841890.4	359.9	46.8	47.1	0.3	0.3	0.63	9
DMA017	415.1	279882.8	4841428.0	171.1	317.4	320.1	2.7	2.7	0.47	106
DMA020	290.8	279883.4	4841280.0	145.4	289.1	290.8	1.7	1.5	1.95	226
DMA021	368.1	279977.0	4841075.3	120.6	318.1	318.6	0.6	0.5	0.40	17
DMA022	400.0	279732.6	4841719.5	197.0	248.5	250.1	1.7	1.6	0.10	2
DMA024	335.2	279689.8	4841742.7	149.7	268.7	269.0	0.3	0.3	0.73	71
DMA020A	395.0	279905.6	4841276.9	123.1	319.4	319.8	0.4	0.4	0.10	2
<b>Mandalay 2013</b>										
DCB13-011	308.9	279908.3	4841367.4	170.4	279.3	285.8	6.5	6.1	0.13	13
DCB13-012	340.7	280029.2	4841281.2	135.2	311.9	312.9	1.0	0.8	0.20	28
DCB13-014	320.8	279774.0	4841168.0	96.7	302.2	304.5	2.3	1.2	0.05	1
DCB13-016	323.3	279937.7	4841179.7	148.7	300.1	300.5	0.4	0.4	0.33	298

**Table 3: 2013 drill intercepts from Delia NW**

Hole_ID	Hole Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elev (m)	From (m)	To (m)	Intercept Length (m)	True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
<b>Mandalay 2013</b>										
DLV13-013	249.0	271416.5	4840490.5	87.4	220.0	222.0	2.1	1.6	1.81	105
DLV13-016	260.7	NO VEIN INTERCEPT								
DLV13-032	290.5	271168.2	4840623.7	14.1	275.0	276.5	1.5	1.2	3.22	121
DLV13-026	272.5	271266.1	4840558.9	-10.4	249.9	251.5	1.6	1.5	9.29	88
DLV13-042	249.2	271171.3	4840650.4	-35.3	211.5	212.6	1.1	1.0	0.27	9
DLV13-043	224.4	271112.5	4840653.7	9.9	210.9	212.1	1.3	1.2	0.52	44
DLV13-047	228.3	271097.1	4840675.0	-10.4	217.2	217.8	0.7	0.6	0.1	2
DLV13-050	272.9	271276.4	4840572.1	-29.3	244.8	246.0	1.2	1.0	0.93	18
DLV13-052	251.7	271473.4	4840457.2	94.2	207.9	212.0	4.1	2.9	2.46	36
DLV13-053	288.3	271530.6	4840426.9	39.9	268.0	268.6	0.6	0.3	0.1	2

**Table 4: Drill intercepts from Carola**

Hole_ID	Hole Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elev (m)	From (m)	To (m)	Intercept Length (m)	True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
<b>Coeur 2012</b>										
BPR260	100.0	270288.8	4841768.6	324.8	58.0	60.0	2.0	0.7	4.41	112
BPR241	100.0	270270.9	4841840.5	297.5	77.0	81.0	4.0	2.5	1.2	41
BPR244	100.0	270296.9	4841783.5	286.7	86.0	90.0	4.0	2.5	3.9	113
<b>Mandalay 2012</b>										
DCO010	233.7	270296.1	4841626.4	307.7	130.9	132.0	1.1	0.6	21.04	265
<b>Mandalay 2013</b>										
DLV13-041	313.3	270304.3	4841627.1	236.9	247.0	248.8	1.8	1.4	0.1	2
DLV13-045	268.3	270276.0	4841740.9	172.8	226.4	228.2	1.9	1.8	2.48	38
DLV13-049	170.3	270272.9	4841814.4	277.1	155.8	160.9	5.1	4.9	5.7	33
DLV13-051	317.1	270246.9	4841654.1	239.9	280.9	282.5	1.6	1.4	0.1	9

**Table 5: 2013 drill intercepts from Esperanza**

Hole_ID	Hole Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elev (m)	From (m)	To (m)	Intercept Length (m)	True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
<b>Mandalay 2013</b>										
DCV13-004	137.8	275108.0	4843906.0	274.1	69.0	69.3	0.3	0.2	0.10	2
DCV13-005	200.4	274983.3	4844100.7	276.4	184.7	185.0	0.4	0.3	1.00	419
DCV13-006	134.8	275071.6	4843995.0	272.2	81.7	82.0	0.3	0.2	7.26	72
DCV13-007	247.1	275037.8	4844025.0	211.2	144.2	144.5	0.3	0.1	0.10	2
DCV13-008	205.6	274994.0	4844051.6	335.1	132.5	138.9	6.4	5.5	0.10	2
DCV13-009	225.8	274916.1	4844167.8	326.9	170.1	177.8	7.7	5.6	0.10	3

**Table 6: 2013 drill intercepts from Antimonio**

Hole_ID	Hole Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elev (m)	From (m)	To (m)	Intercept Length (m)	True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
<b>Mandalay 2013</b>										
DCV13-001	236.95	275519.6	4843111.0	216.9	224.5	224.8	0.30	0.1	0.10	243
DCV13-002	255.0	275483.9	4843114.0	330.1	63.0	64.0	1.00	0.5	0.23	69
DCV13-003	167.3	275624.5	4843090.0	312.5	87.9	88.7	0.85	0.8	0.33	169

**Table 7: 2013 drill intercepts from Raul/Cindy**

Hole_ID	Hole Depth (m)	Intercept UTM_E	Intercept UTM_N	Intercept Elev (m)	From (m)	To (m)	Intercept Length (m)	True Width (m)	Gold Grade (g/t)	Silver Grade (g/t)
<b>Mandalay 2013</b>										
DCB13-001	161.8	280355.1	4839608.9	410.3	125.7	128.7	3.0	2.1	0.14	8
DCB13-002	209.7	280330.8	4839533.3	386.9	152.4	152.8	0.4	0.2	0.10	6
DCB13-003	230.6	280322.1	4839672.9	381.8	178.9	179.9	1.0	0.9	0.10	7
DCB13-004	218.9	280292.1	4839713.7	379.5	166.0	166.6	0.6	0.5	0.10	7
DCB13-008	343.3				NO VEIN INTERCEPT					

**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](http://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.*