Mandalay Resources Corporation Increases Gold Reserves by 33%, Silver Reserves by 14% and Antimony Reserves by 38% in 2012

TORONTO, ON, March 6, 2013 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) is pleased to announce that its 2012 exploration efforts have resulted in increased Mineral Reserves. Contained gold ("Au") in Mineral Reserves grew by 33%, contained silver ("Ag") by 14%, and contained antimony ("Sb") by 38%, all net of mine depletion, in year-end 2012 independent estimations at its Cerro Bayo, Chile, and Costerfield, Australia, mines.

Table 1: Mandalay Total Mineral Reserves (as of December 31, 2012)

	2012			2011		
Category	Au (cont. oz)	Ag (cont. oz)	Sb (cont. t)	Au (cont. oz)	Ag (cont. oz)	Sb (cont. t)
Proven	47,000	4,803,000	3,100	28,000	1,713,000	3,300
Probable	167,000	13,447,000	4,100	133,000	14,247,000	1,900
Proven + Probable	**214,000**	**18,250,000**	**7,200**	**161,000**	**15,960,000**	**5,200**

Notes:
1. See tables 4 and 6 for details of tonnages and grades.
2. Numbers may not add due to rounding.

The Company's increased Mineral Reserves are based on increased Measured and Indicated Resources estimated for year-end 2012. In the Measured and Indicated Resource category, contained Au ounces ("oz") increased by 28%, Ag oz increased by 70% and Sb tonnes ("t") increased by 15%. These Mineral Resources include the previously reported initial Mineral Resource estimate at the Company's La Quebrada copper-silver project near La Serena, Chile (see Mandalay's July 3, 2012, press release).

Table 2: Mandalay Total Mineral Resources, Inclusive of Mineral Reserves (as of December 31, 2012)

	2012				2011			
Category	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	76,000	5,521,000	8,200	-	77,000	2,031,000	12,300	-
Indicated	278,000	27,954,000	12,900	459,000,000	201,000	17,642,000	6,100	-
Measured + Indicated	**355,000**	**33,475,000**	**21,100**	**459,000,000**	**278,000**	**19,673,000**	**18,400**	**-**
Inferred	175,000	3,322,000	19,500	13,000,000	198,000	5,251,000	21,100	-

Notes:
1. See tables 3, 5 and 7 for details of tonnages and grades.
2. Contained copper derives only from La Quebrada, for which Mineral Reserves have not yet been estimated.
3. Numbers may not add due to rounding.

Details of the 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, AMC Consultants Pty Ltd. ("AMC") and 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 year-end 2012 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 2012. Cerro Bayo, initially acquired in 2010 and restarted with a mine life of three years based on Proven and Probable Reserves at the time, now has a nominal life of approximately six years after two years of production. Costerfield significantly increased its Proven and Probable Reserves, maintaining its nominal two-year life despite a significant and sustainable increase in production rate delivered in the second half of 2012. At Cerro Bayo, the Company has expanded Mineral Resources in the Coyita vein and converted them to Mineral Reserves, adding a planned sixth mine to the current three producing and two planned mines on the property. At Costerfield, the Company significantly expanded Mineral Resources on the N-lode and Cuffley lode during 2012, with further expansion anticipated in 2013."

Mr. Mills further commented, "We plan to continue the intensity of exploration on our properties in 2013. At Cerro Bayo, we have replaced our drilling contractor with owned rigs, reflecting our long-term commitment to exploration. We plan to follow up our success at extending Resources and Reserves on the Dagny vein under Laguna Verde with drilling on Fabiola, Yasna and Coyita veins under the lake as underground access is developed. Surface drilling on other vein targets throughout the district will increase relative to the effort in 2012, with activity focused on the higher elevations to the south in the southern-hemisphere summer months and on the lower elevation targets during the southern-hemisphere winter months. At Costerfield, our wide-spaced drilling program has shifted from focusing on increasing N-lode Resources in the second half of 2012 to focusing on increasing Cuffley lode Resources in the first half of 2013. We expect a development decision for Cuffley lode, associated with expansion of mine production to 500 tonnes per day ("tpd") from its current rate of around 300 tpd, in June of 2013."

Cerro Bayo 2012 Exploration and Resulting Reserves and Resources

During 2012, Mandalay drilled approximately 70,000 metres ("m") of diamond core at a cost of US$9.2 million. Slightly more than 40% of the drilling was focused on infilling and extending existing Resources, with the balance focused on testing for new targets. As well, mapping and closely spaced sampling along 9,280 m of vein drive advance in the Bianca, Dagny, Fabiola, Yasna, and Delia NW veins, 7,149 m of which were in ore,

formed the basis for upgrading previously Indicated and Inferred Mineral Resources to Measured Mineral Resources, and subsequently Proven Mineral Reserves.

Drill core was logged and sampled by Mandalay geologists and both core and mine samples were assayed on-site at the Compañia 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 7 grams per tonne ("g/t") to 50 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/m^3 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.

Table 3: Mineral Resources at Cerro Bayo, Inclusive of Mineral Reserves (as of December 31, 2012)

Category	Tonnes (t)	Au Grade (g/t)	Ag Grade (g/t)	Au (cont. oz)	Ag (cont. oz)
Measured	327,000	3.2	525	33,000	5,521,000
Indicated	1,562,000	3.2	334	160,000	16,754,000
Measured + Indicated	**1,889,000**	**3.2**	**367**	**194,000**	**22,276,000**
Inferred	452,000	2.4	201	35,000	2,922,000

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 Luke Evans, M.Sc., P. Eng., 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 148 g/t AgEq. AgEq is calculated using the formula AgEq= Ag + (Au x 57.65) where Ag and Au are in grams per tonne.
4. Wireframe vein models were used to constrain the Cerro Bayo Resources.
5. A minimum vein width of 1.2 m was used.
6. A bulk density of 2.63 t/m^3 was used.
7. 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.
8. Mineral Resources are inclusive of Mineral Reserves.
9. 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. A cut-off grade of 176 g/t Ag equivalent 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, 2012)

Category	Tonnes (t)	Au Grade (g/t)	Ag Grade (g/t)	Au (cont. oz)	Ag (cont. oz)
Proven	420,000	2.2	356	30,000	4,803,000
Probable	1,934,000	2.1	216	133,000	13,447,000
Proven + Probable	**2,354,000**	**2.2**	**241**	**163,000**	**18,250,000**

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 176 g/t AgEq (silver equivalent). AgEq is calculated using the formula AgEq= Ag + (Au x 57.65) where Ag and Au are in grams per tonne. Metal prices for determining cutoff grades were US$1,300/oz Au and $23/oz Ag.
4. Profitability of Mineral Reserves were estimated using a long-term gold price of US$1,300 per ounce and a long-term silver price of US$23 per ounce.
5. Veins are diluted to 2.4 m minimum mining width.
6. A bulk density of 2.63 t/m^3 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.

The net addition of 2.3 million oz Ag to Proven and Probable Reserves in 2012 consists of a total of 5.2 million oz Ag added to Reserves, partially offset by the 2.9 million oz Ag that were produced. The 2012 exploration cost divided by the 5.2 million oz added represents US$1.77/oz Ag added to Proven and Probable Reserves.

Costerfield 2012 Exploration and Resulting Mineral Resources and Reserves

During 2012, Mandalay drilled approximately 20,000 m of diamond core for US$5.2 million. Virtually all of the drilling extended or infilled Mineral Resources in W, E, N, and Cuffley lodes. In addition, the Company completed 5,319 m of operating development and mine sampling in the Augusta mine, 4,169 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 80 g/t to the gold grade of the Cuffley lode and 150 g/t to the gold grade for the other lodes. Gold, antimony and lode thickness were estimated into a two dimensional block model for each lode by ordinary kriging where there were sufficient sample pairs for meaningful variography. Otherwise, the inverse distance squared method was used.

Table 5: Mineral Resources at Costerfield, Inclusive of Mineral Reserves (as of December 31, 2012)

Category	Tonnes (t)	Au Grade (g/t)	Sb Grade (%)	Au (cont. oz)	Sb (cont. t)
Measured	167,000	8.1	4.9	43,000	8,200
Indicated	367,000	10.0	3.5	118,000	12,900
Measured + Indicated	**534,000**	**9.4**	**4.0**	**161,000**	**21,100**
Inferred	610,000	7.2	3.2	140,000	19,500

Notes:

1. CIM definitions were followed for Mineral Resources.
2. The Independent Qualified Person for the Costerfield Mineral Resource estimates is Dr. Andrew Fowler, MAIG, MAusIMM, employee of AMC, who is a Qualified Person as defined by NI 43-101.
3. Mineral Resources are estimated at a cut-off grade of 4.7 g/t AuEq (gold equivalent) using the formula AuEq = Au + (Sb% X 2.02).
4. Veins are diluted to 1.8 m minimum width with material of zero grade.
5. Bulk density of mineralized veins was calculated from grade using the stoichiometry of stibnite and waste bulk density was set at 2.65 t/m^3 was used.
6. 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.
7. Mineral Resources are inclusive of Mineral Reserves.
8. Numbers may not add due to rounding.

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 4.7 g/t AuEq and minimum mining widths of 1.8 m were used, with planned and unplanned dilution at zero grade.

Table 6: Mineral Reserves at Costerfield (as of December 31, 2012)

Category	Tonnes (t)	Grade (g/t)	Grade (%)	Au (oz)	Sb (t)
Proven	48,000	11.0	6.5	17,000	3,100
Probable	130,000	8.1	3.2	34,000	4,100
Proven + Probable	**178,000**	**8.9**	**4.1**	**51,000**	**7,200**

Notes:

1. CIM definitions were followed for Mineral Reserves.
2. The Independent Qualified Person for the Costerfield Mineral Reserve estimate is Ms. Anne-Marie Ebbels, MAusIMM (CP), an employee of SRK, who is a Qualified Person as defined by NI 43-101.
3. Mineral Reserves are estimated at a cut-off grade of 4.7 g/t AuEq (gold equivalent) using the formula AuEq = Au + (Sb% X 2.02).
4. Minimum mining width of 1.8 m for drives and 1.2 m for stopes were used, with planned and unplanned dilution of 20-25% at zero grade. Mining recovery of 80-100% was used depending on mining method.
5. Bulk density of mineralized veins was calculated from grade using the stoichiometry of stibnite and waste bulk density was set at 2.65 t/m^3 was used.
6. 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.
7. Mineral Resources are inclusive of Mineral Reserves.
8. Numbers may not add due to rounding.

The net addition of 40,000 oz AuEq to Proven and Probable Reserves in 2012 consists of a total of 77,000 oz AuEq added to Reserves, partially offset by the 37,000 oz AuEq that were produced. The 2012 exploration cost divided by the 77,000 oz AuEq added represents US$68/oz AuEq. added to Proven and Probable Reserves.

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, 2012.

Table 7: Mineral Resources at La Quebrada (as of December 31, 2012)

Category	Tonnes (t)	Cu Grade (%)	Ag Grade (g/t)	Cu (lb)	Ag (cont. oz)
Measured	0	0	0	0	0
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 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 be 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/m^3 was used.
8. Numbers may not add due to rounding.

Qualified Persons:

For Cerro Bayo: Normand Lecuyer., P. Eng., and Luke Evans, M.Sc., P. Eng., both of Roscoe Postle Associates Inc., and both Independent Qualified Persons under NI 43-101, have reviewed and approved the technical and scientific information on Cerro Bayo contained in this release.

For Costerfield: Anne-Marie Ebbels, MAusIMM (CP), an employee of SRK, and Dr. Andrew Fowler, MAIG, MAusIMM, an employee of AMC, both Independent Qualified Persons under NI 43-101, have reviewed and approved the technical and scientific information on Costerfield 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, has reviewed and approved the technical and scientific information on La Quebrada 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, planned 2013 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 30, 2012, 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.