Mandalay Resources Corp. Expands the High Grade Mineralized Zone in the Alison Vein Discovery at its Costerfield Gold-Antimony Mine, Australia

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TORONTO, Jan. 10, 2012 /CNW/ - Mandalay Resources Corporation ('Mandalay' or the 'Company') is pleased to announce the results of follow-up drilling on the emerging Alison vein discovery at its 100% owned Costerfield Gold-Antimony Mine in Victoria, Australia. A seven hole diamond program, still in progress, is building on the first intercepts (MB-007 and AD-002) previously announced in a press release dated August 24, 2011.

Brad Mills, CEO of Mandalay, commented, 'Brownfields exploration to unlock upside potential in assets acquired by the Company is one of our fundamental strategies. We expect that the Alison discovery, which demonstrates this strategy in action, will materially impact the value of Costerfield. These intercepts have confirmed the general high grade nature of Alison mineralization, and are starting to define its continuity along strike, and down-dip. While these results are preliminary, they appear to indicate that the Alison vein may be both higher grade and wider than the W- and E- lodes we are currently mining. We expect a maiden resource estimate on the Alison vein to be included in our updated reserves and resources statement for the Costerfield asset later in the first quarter of 2012. We are accelerating the drilling of Alison, now with two surface rigs, in order to expediently test the size potential, and we are undertaking a scoping study on extending the Augusta mine infrastructure to Alison. We anticipate that we will have sufficient information on Alison to produce a preliminary economic assessment on this deposit by mid-year 2012.'

The new Alison discovery is situated within 500 metres of Mandalay's currently operating Augusta Mine (click here to view Figure 1 - Alison Drilling Map).

Mineralized intersections generally consisting of massive stibnite veins plus or minus quartz with visible free gold were encountered in four of seven follow-up holes to date (AD-005, AD-006, AD-008, and AD-001). One hole (AD-007) yielded a lower grade intercept, and two holes (AD-003, and AD-004) have defined the location of the large, low angle fault which Mandalay believes has offset the new Alison discovery from the shallower historic Alison deposit. In addition, AD003 intersected a gold mineralized zone within the known area of historic workings above this fault.

The drill assay results are tabulated below in two tables, as raw assay data (see Table 1 below), and as composite summary data to support interpretation of the mineralisation for mine planning (see Table 2 below):

Table 1

Raw Assay Data

Hole id	Samp id	Depth from	Depth to	Interval (m)	Au (g/t)	Sb (%)
AD001	650376	270.3	270.8	0.52	5.3	0.2
AD001	650377	270.8	271.2	0.43	0.3	0.0
AD001	650378	271.2	271.5	0.30	26.9	8.1
AD002	606565	256.8	257.1	0.25	2.2	1.9
AD002	606566	257.1	257.4	0.35	20.4	38.3
AD002	Core Loss	257.4	257.8	0.40	0.0	0.0
AD002	606567	257.8	258.1	0.30	10.2	60.1
AD002	606568	258.1	258.3	0.20	1.3	43.3
AD002w1	650319	255.8	256.1	0.26	105.1	33.0
AD002w1	650320	256.1	256.4	0.30	1.4	0.3
AD002w1	650321	256.4	256.5	0.10	0.8	5.9
AD002w1	650322	256.5	256.8	0.30	0.3	0.1
AD002w1	650323	256.8	257.4	0.60	4.5	17.4
AD002w1	650324	257.4	257.7	0.30	4.3	5.7
AD005	694812	257.4	258.1	0.70	109.2	7.0
AD005	694813	258.1	258.5	0.40	82.6	12.6
AD005	694815	258.5	258.8	0.32	62.3	43.1
AD005	694816	258.8	259.1	0.23	2.7	49.6
AD006	649925	396.6	396.7	0.15	52.5	7.4
AD006	649926	396.7	396.8	0.09	47.4	43.7
AD006	649927	396.8	397.1	0.28	48.0	8.9
AD006	649928	397.1	397.2	0.12	2.3	2.1
AD006	649929	397.2	397.4	0.18	30.8	13.7
MB007	667398	185.0	185.2	0.15	5.4	16.2
MB007	667399	185.2	185.4	0.20	1.6	48.7
MB007	25901	185.4	185.5	0.15	2.2	40.0
MB007	25902	185.5	185.9	0.35	3.3	25.2
MB007	25903	185.9	186.0	0.15	6.0	4.2
MB007	25904	186.0	186.3	0.30	0.7	6.2
MB007	25905	186.3	186.6	0.25	2.7	4.2
MB007	25906	186.6	187.1	0.50	6.2	2.9

AD007	650243	367.3	367.5	0.25	0.6	0.0
AD007	650244	367.5	367.8	0.25	0.2	0.0
AD007	650245	367.8	368.2	0.45	0.1	0.0
AD008	772068	317.0	317.2	0.17	79.2	27.8
AD008	772069	317.2	317.6	0.43	89.3	19.4
AD008	772070	317.6	317.8	0.20	88.6	65.9
AD008	772072	317.8	318.0	0.15	328.0	44.9
*AD003	650495	123.2	123.4	0.15	5.6	3.7
*AD003	650496	123.4	123.7	0.30	1.1	0.1
*AD003	650497	123.7	123.9	0.25	1.4	0.1
*AD003	650498	123.9	124.5	0.60	2.1	0.0
*AD003	650499	124.5	124.8	0.25	0.4	0.1
*AD003	650500	124.8	125.1	0.30	10.7	9.7
*AD003	576201	125.1	125.2	0.15	3.2	61.5
*AD003	576202	125.2	125.4	0.20	5.4	3.5
*AD003	576203	125.4	125.7	0.30	1.1	0.3
*AD003	576204	125.7	126.5	0.80	0.1	0.2
*AD003	576205	126.5	127.2	0.70	0.1	0.0
*AD003	Not Sampled	127.2	127.6	0.40	0.0	0.0
*AD003	576206	127.6	127.9	0.30	3.9	3.3
*AD003	576226	149.0	149.2	0.15	2.7	0.0
*AD003	576227	149.2	149.7	0.55	8.5	0.0
*AD003	576228	149.7	150.1	0.35	1.4	0.0
*AD003	576229	150.1	150.4	0.30	3.7	0.0
*AD003	576230	150.4	150.5	0.17	0.8	0.0
*AD003	576231	150.5	151.0	0.48	0.6	0.0
*AD003	576232	151.0	151.5	0.50	0.7	0.0
*AD003	576233	151.5	152.1	0.60	0.5	0.0
*AD003	576234	152.1	152.5	0.40	1.6	0.0
*AD003	576235	152.5	153.3	0.80	0.8	0.0
*AD003	Not Sampled	153.3	153.7	0.40	0.0	0.0
*AD003	576237	153.7	154.6	0.85	1.5	1.1
*AD003	576238	154.6	155.0	0.45	0.8	0.2
*AD003	576239	155.0	155.8	0.80	2.0	0.9

*AD003	576240	155.8	156.2	0.40	0.3	0.1
*AD003	576241	156.2	157.0	0.80	0.1	0.0
*AD003	576242	157.0	158.0	1.00	0.1	0.0
*AD003	576243	158.0	158.8	0.80	0.1	0.0
*AD003	576244	158.8	159.1	0.30	0.1	0.0
*AD003	576245	159.1	159.7	0.60	0.0	0.0
*AD003	576246	159.7	160.5	0.80	0.0	0.0
*AD003	576247	160.5	161.5	0.95	0.0	0.0
*AD003	576248	161.5	162.1	0.65	0.1	0.0
*AD003	576249	162.1	163.1	0.95	0.0	0.0
*AD003	576250	163.1	163.5	0.45	0.0	0.0
*AD003	576251	163.5	164.2	0.65	0.0	0.0
*AD003	576252	164.2	165.0	0.85	0.0	0.0
*AD003	576253	165.0	166.0	1.00	0.0	0.0
*AD003	576254	166.0	166.4	0.35	3.7	0.0
*AD003	576255	166.4	166.5	0.15	175.8	0.0
*AD003	576256	166.5	166.9	0.43	1.5	0.0
*AD003	576257	166.9	167.9	1.00	1.3	0.0
*AD003	576258	167.9	168.1	0.20	4.4	0.0
*AD004	650302	175.0	175.6	0.60	5.2	0.0
* Sample is not part of the targeted continuous reef						

Table 2

Cuffley Lode Drill Results

Hole ID	Hole Completion Date	Hole Completion Depth (m)	Intercept Northing (Mine Grid)	Intercept Easting (Mine Grid)	RL	TrueWidth (m)	Gold Grade (g/t)	Antimony Grade (%)	Au (g ov 1
MB007	28/06/2011	353.9	5028.9	15184.2	1030.1	0.93	3.7	15.6	20
AD001	2/09/2011	392.8	5081.6	15191.6	976.1	0.89	8.7	2.1	6
AD002	5/08/2011	343.5	4988.4	15179.9	965.5	0.73	7.3	27.0	28
AD002 Wedge	11/08/2011	296.6	4989.0	15179.9	967.0	0.94	17.2	11.5	23
*AD003	13/09/2011	375.7	1522.8	15262.9	1096.4	**4.70	2.0	7.4	
*AD003	13/09/2011	375.7	1522.1	15239.2	1073.4	**19.13	2.3	0.1	
*AD004	17/08/2011	320.6	4933.7	15165.7	1043.1	**0.60	5.2	0.0	
AD005	29/09/2011	370.7	4938.8	15172.8	974.3	0.82	78.8	21.3	58
AD006	24/10/2011	494.6	4945.6	15187.8	862.7	0.42	38.3	12.5	15
AD007	18/11/2011	482.1	4886.2	15179.7	919.4	0.62	0.3	0.0	0
AD008	6/12/2011	366.3	5015.7	15192.8	913.7	0.56	125.0	34.7	64

* Interval is not part of thetargeted continuous reef

** Down-hole interval not true width

The broad geological relationships, together with locations and grades of Mandalay's drill intercepts at Alison are displayed on the accompanying long section of the vein (click here to view Figure 2 - Alison Long Section and here to view Figure 3 - Alison Schematic Section 4900N).

On the long section, it can be seen that the drill hole intercepts define a mineralized body that is at least 150 m from north to south and 175 m in depth extent, with AuEq g/t (see definition below) grades diluted to 1.8 m (Augusta minimum mining width) ranging from 6.7 to 64.3 g/t Au Eq.

The mineralized body is open at depth, and to the north. Based on the pinch and swell nature of the known veins in the Costerfield mineral district, potential also remains for expansion of the body southwards, beyond AD007.

Drilling and Assaying

Drilling on the Alison vein at Costerfield is currently contracted to Starwest Drilling, with two surface diamond drill rigs using HQTW coring systems. Core is logged, split, and sampled on site by Mandalay personnel. Samples are sent to Onsite Laboratory Services Labs, where they are prepared and assayed (atomic adsorption for antimony and fire assay for gold). Mandalay maintains a quality control program which includes incorporation of blanks and standards with samples for assays as well as duplicate assays of selected samples. The detailed process of drilling through sampling, assaying, and quality control is described in the Company's independent NI-43-101 technical report entitled 'Mandalay Resources Corporation: Costerfield (Augusta) Gold-Antimony Mine: Mineral Resource and Mineral Reserve Estimate' filed on June 2, 2011.

The gold equivalent grade ('AuEq g/t') of each assayed interval was calculated according to the formula:

Price per 10 kg Sb * Sb Recovery(%)

AuEq(g/t) = Au(g/t) + Sb(%) * Price per 1g Au * Au Recovery (%)

using a gold price of US$1,275/oz, an antimony price of US$11,625/t, and total metallurgical recoveries of 71% for gold and 59.4% for antimony.

Qualified Person:

Chris Gregory, General Manager of Australasian Corporate Development and Exploration for Mandalay Resources, a Member of Australian Institute of Geoscientists (AIG) and a Qualified Person as defined by NI 43-101, has reviewed and approved the technical and scientific information contained in this release.

About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with production and exploration assets in Australia and 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, in particular with respect to the significance of reported drill intercepts at the Costerfield mine on the Company's operational plans and expectations. 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, general market and economic conditions, and success of future drilling. 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 31, 2011, 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.

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PDF with caption: 'Figure 1 - Alison Drilling Map'. PDF available at:
http://stream1.newswire.ca/media/2012/01/10/20120110_C2877_DOC_EN_8743.pdf

PDF with caption: 'Figure 2 - Alison Long Section'. PDF available at:
http://stream1.newswire.ca/media/2012/01/10/20120110_C2877_DOC_EN_8744.pdf

PDF with caption: 'Figure 3 - Alison Schematic Section 4900N'. PDF available at:
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