Mandalay Resources Corporation Delivers Positive Drill Results at the La Quebrada Copper-Silver Property, Chile

09.08.2011 | CNW

Mandalay Resources Corporation (“Mandalay“ or the “Company“) (TSX: MND, MND.WT) is pleased to announce the results of its recently completed 19 hole drill program at its 100% owned La Quebrada copper-silver property near La Serena, Chile. The results confirm and extend historically sampled and drilled mineralization described in its NI 43-101 compliant technical report on the property, dated April 14, 2010, and filed on www.sedar.com.

The 3,276 metre (“m“) program consisted of seventeen infill and step-out holes (2,932 m) in the Casa de Piedra target, and two exploratory holes (344 m) in the Leoncita North target (click http://files.newswire.ca/895/LaQuebradaMap.pdf for La Quebrada District Geology Map). Assay results for the mineralized intervals intersected by these drill holes are summarized below in Table 1 (http://files.newswire.ca/895/DrillR.pdf for complete results). All holes were drilled with HQTW diameter core that was logged by Mandalay geologists prior to being sawed and analyzed by the ALS laboratory in La Serena, Chile.

Brad Mills, CEO of Mandalay, commented, “These initial results confirm our geologic model and demonstrate that mineralization with potentially mineable widths and grades exists at both the Casa de Piedra and Leoncita North targets. It is particularly notable that the highest grade intercepts occur in the newly-discovered Leoncita North manto. Given these positive results, we believe additional drilling will be required to extend and improve confidence in the continuity of these mantos as well as enable us to complete an initial NI 43-101 compliant mineral resource estimate for both targets. To accomplish this, Mandalay is planning an additional $1.1 million, Phase 2 infill and extensional drilling program of approximately 5,690 metres that will commence following approval of an amended Environmental Impact Declaration which is expected to take four months to process.“

At Casa de Piedra, drilling intersected three principal copper-silver mineralized beds (“mantos“) ranging in thickness from 1 to 10 m with intervening intervals of thin, discontinuous mineralization (click http://files.newswire.ca/895/Piedra_DrillMap.pdf for Casa de Piedra Geology and Drill Hole Location Map and http://files.newswire.ca/895/La_QuebradaSectionAA.pdf for Casa de Piedra Cross Section A-A' and http://files.newswire.ca/895/LaQuebradaSectionBB.pdf for Casa de Piedra Cross Section B-B'). Mineralization in the mantos consists primarily of finely disseminated bornite and chalcopyrite hosted by calcareous sedimentary rocks of the Quebrada Marquesa Formation. Average copper grades of the manto intercepts in each hole range from 0.15% to 1.59% and average silver grades from 1 to 27 grams/tonne (“g/t“). Copper and silver grades are directly correlated.

The two holes drilled at the Leoncita North target intersected several thin (

Table 1: SECTOR CASA DE PIEDRA

HOLE	FROM	TO	TRUE THICKNESS	Ag	Cu
	m	m	m	g/t	%
MANTO 1					
DHCP-01	22.5	30.5	8.0	12	0.80
DHCP-02	41.1	45.3	4.2	5	0.55
DHCP-03	51.0	56.9	5.9	4	0.28
DHCP-04	62.2	64.8	2.6	8	0.34
DHCP-05	56.5	58.5	2.0	7	0.42
DHCP-06	68.5	70.6	2.1	27	1.02
DHCP-07	dike				
DHCP-08	165.8	171.2	5.4	11	0.82
DHCP-09	139.7	144.0	4.3	11	1.03
DHCP-10	137.3	141.4	4.1	16	1.17
DHCP-11	124.1	128.2	4.1	17	0.79
DHCP-12	dike				
DHCP-13	42.5	43.2	0.7	11	0.31
DHCP-14	178.5	185.7	7.2	5	0.49
DHCP-15	213.8	223.9	10.1	9	0.57
DHCP-16	87.1	92.9	5.5	6	0.73
DHCP-17	98.8	102.8	3.9	11	0.99

SECTOR CASA DE PIEDRA

HOLE	FROM	TO	TRUE THICKNESS	Ag	Cu
	m	m	m	g/t	%
MANTO 2					
DHCP-01	38.5	42.5	4.0	8	0.46
DHCP-02	53.7	57.7	4.0	3	0.42
DHCP-03	64.9	67.1	2.2	6	0.54
DHCP-04	dike				
DHCP-05	72.7	74.7	2.0	4	0.69
DHCP-06	80.5	82.5	2.0	11	1.39
DHCP-07	dike				
DHCP-08	dike				
DHCP-09	153.7	156.1	2.4	3	0.29
DHCP-10	149.8	151.7	1.9	7	0.21
DHCP-11	Not intersected				
DHCP-12	Not intersected				
DHCP-13	dike				
DHCP-14	dike				
DHCP-15	229.8	231.8	2.0	3	0.31
DHCP-16	101.6	103.4	1.7	1	0.35
DHCP-17	112.0	114.5	2.5	7	0.48

SECTOR CASA DE PIEDRA

HOLE	FROM m	TO m	TRUE THICKNESS m	Ag g/t	Cu %
MANTO 3					
DHCP-01	49.8	52.3	2.5	19	1.59
DHCP-02	68.2	70.3	2.1	3	0.42
DHCP-03	76.9	79.4	2.5	10	0.44
DHCP-04	88.0	90.1	2.1	5	0.15
DHCP-05	Not intersected				
DHCP-06	Not intersected				
DHCP-07	Not intersected				
DHCP-08	Not intersected				
DHCP-09	Not intersected				
DHCP-10	Not intersected				
DHCP-11	Not intersected				
DHCP-12	Not intersected				
DHCP-13	dike				
DHCP-14	Not intersected				
DHCP-15	241.5	243.3	1.8	12	0.86
DHCP-16	109.1	117.1	7.6	5	0.51
DHCP-17	124.6	129.1	4.4	6	0.73

SECTOR LEONCITA NORTH

HOLE	FROM m	TO m	TRUE THICKNESS m	Ag g/t	Cu %
MANTO PRINCIPAL					
DHCP-01	155.7	157.9	2.1	53	1.64
DHCP-02	98.5	102.1	3.6	22	1.31

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 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, including statements regarding Mandalay's intentions with respect to additional drilling activity at its La Quebrada copper-silver property. 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 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.*

For further information:

Mandalay Resources Corporation
Bradford Mills, Chief Executive Officer
Greg DiTomaso, Investor Relations
Contact: 647.260.1566
g.ditomaso@mandalayresources.com
www.mandalayresources.com