



## **MANDALAY RESOURCES CORPORATION COMPLETES PURCHASE OF CHALLACOLLO SILVER-GOLD PROJECT, FILES TECHNICAL REPORT, AND BEGINS 12 MONTH FEASIBILITY STUDY**

TORONTO, ON, February 7, 2014 – Mandalay Resources Corporation (“Mandalay” or the “Company”) (TSX: MND) is pleased to announce that it has completed the purchase of Silver Standard Resources Inc.’s (“Silver Standard”) (TSX: SSO, NASDAQ: SSRI) 100% interest in the Challacollo silver-gold project in Region I, Northern Chile (the “Project”). Terms of the purchase were as disclosed in the press release announcing the transaction on December 20, 2013 and as below. The value of the closing consideration was approximately US\$16.7 million using the Canadian/US Dollar exchange rate and the Mandalay share price on the day of closing.

Mandalay has filed an Independent Technical Report prepared by Roscoe Postle Associates Inc. (“RPA”) substantiating the Mineral Resource estimate announced in the December 20, 2013 press release. The resource contains 8.0 million ounces of silver in the Indicated Resource category and 24.3 million ounces of silver in the Inferred Resource category.

Brad Mills, CEO of Mandalay commented, “The acquisition of the Challacollo silver-gold project has been completed as contemplated by the Share Purchase Agreement announced on December 20, 2013.”

Mr. Mills continued, “With the close of the transaction and the publishing of the Mineral Resource Estimate, we now have a solid foundation on which to commence our feasibility study. The study work is expected to consist of 8,000 to 10,000 metres of diamond core drilling and associated assays which are designed to infill and upgrade the current RPA resource estimate. 10% of the drill metres will also be used to test resource extensions. Mine design and costing will be completed once the resource estimate has been updated. Metallurgical testing will be conducted on both drill core and underground samples from the developed portion of the deposit. The metallurgical information will be used to complete detailed plant design and costing. Engineering studies will be completed on the required infrastructure requirements such as access roads, power, and water. Finally, environmental and community baseline studies necessary for mine permitting will be commenced.

The goal of the program is to complete and publish a full feasibility study and file for all permits required for construction and operations within 12 months. We expect the cost of the program to be approximately \$5-7 million dollars, funded from current corporate cash resources.

We are very pleased with the acquisition of the Project as it meets our acquisition criteria of low cost, near-term production with significant exploration potential.”

### **The Transaction:**

Under the terms of the Share Purchase Agreement, Mandalay delivered to Silver Standard upon closing:

- US\$7.5 million in cash; and
- 12 million common shares of Mandalay, valued at \$US9,188,160 at a share price of \$CAD0.85/share and \$US/\$CAD exchange rate of 0.9008.

Contingent consideration to be delivered to Silver Standard under the Share Purchase Agreement includes:

- 5 million common shares of Mandalay to be issued at the end of the first quarter in which commencement of commercial production at the Project occurs;
- an aggregate cash payment equal to the equivalent of 240,000 troy ounces of refined silver, payable in eight quarterly installments equal to the cash equivalent of 30,000 troy ounces of refined silver per quarter, based on the average silver price for each such quarter, beginning with the quarter immediately following the quarter in which commencement of commercial production at the Project occurs; and
- a 2% Net Smelter Returns royalty on silver sold or produced from the Project in excess of 36 million ounces, with a cap/buyout of US\$5 million.

### **About the Challacollo Property:**

Challacollo is an epithermal silver deposit located in Region I, Northern Chile. It is centered about 130 kilometers (km) southeast of the major port city of Iquique. The Pan-American Highway passes 30 km west of the property. Several power transmission lines are located 15 and 30 km from the property. The Project includes water rights.

Silver mineralization on the property is hosted in the Cretaceous Challacollo volcanic complex of intermediate to silicic volcanic rocks and associated sedimentary rocks. Mineralization is contained in a system of northeast- to north-trending epithermal quartz-carbonate-barite veins that have been oxidized to a depth of at least 250 meters (m). The largest of these veins is the Lolón Vein, which has a strike length of at least 3.5 km and contains the entire current estimated Mineral Resource.

### **Mineral Resource Estimate:**

In the Technical Report filed on SEDAR, RPA has identified the following Indicated and Inferred Mineral Resources contained in the Lolón Vein based upon drilling and underground sampling data generated by prior operators. The effective date of the Challacollo Mineral Resource estimate is December 13, 2013.

Table 1 – Mineral Resource Estimate, Challacollo

	<b>Million Tonnes</b>	<b>Ag (silver) g/t (grams per tonne)</b>	<b>Au (gold) g/t</b>	<b>Ag Moz (million ounces)</b>	<b>Au koz (thousand ounces)</b>
Indicated	1.03	242	0.40	8.0	13.4
Inferred	3.90	193	0.32	24.3	40.1

Notes:

1. CIM definitions were followed for classification of Mineral Resources.
2. Mineral Resources are estimated at a silver equivalent (AgEq) cut-off grade of 110 g/t.
3. Mineral Resources are estimated using a silver price of US\$24/oz and a gold price of US\$1,400 per ounce.
4. High silver and gold assay values were capped to 700 g/t Ag and 3.0 g/t Au, respectively.
5. A density of 2.4 g/cm<sup>3</sup> was used.
6. The silver equivalent equation is  $AgEq = g/t Ag + 63.97 * g/t Au$ .

**Qualified Person:**

Luke Evans, M.Sc., P.Eng., of RPA, a Qualified Person under National Instrument 43-101, prepared the Mineral Resource estimate on which this press release is based and has approved the disclosure about the resource estimate in this press release. The complete Technical Report supporting the estimate has been published on the Mandalay website [www.mandalayresources.com](http://www.mandalayresources.com) and on [www.sedar.com](http://www.sedar.com).

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**About Mandalay Resources Corporation:**

Mandalay is a Canadian-based natural resource company with producing assets in Australia 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.

## **About Silver Standard Resources Inc.:**

Silver Standard is a Vancouver-based mining company with assets throughout the Americas. It is listed on the Toronto Stock Exchange (TSX: SSO) and on the NASDAQ Global Market (NASDAQ: SSRI). Silver Standard owns and operates the Pirquitas mine in Jujuy, Argentina, which is one of the largest primary silver mines in the world. The Pirquitas mine achieved commercial production in December 2009. In 2013, the mine produced 8.2 million ounces of silver, and is expected to produce in excess of 8.2 million ounces of silver in 2014. Silver Standard also has two wholly-owned feasibility stage projects, Pitarrilla in Mexico and San Luis in Peru.

## **Forward-Looking Statements:**

*This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the Challacollo development plan. Readers are cautioned not to place undue reliance on forward-looking statements. Actual results and developments may differ materially from those contemplated by forward-looking statements depending on, among other things, risks that exploration results at Challacollo may not meet management's current expectations, Mandalay's ability to secure additional financing, 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). 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.*