Mandalay Resources Announces Financial Results and Quarterly Dividend for the First Quarter of 2014

TORONTO, ON, May 5, 2014-- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today revenue of $38.1 million, EBITDA of $16 million and net income of $5.7 million or $0.02 per share for the first quarter of 2014. The Company's unaudited consolidated financial results for the three months ended March 31, 2014, together with its Management's Discussion and Analysis ("MD&A") for the corresponding period can be accessed under the Company's profile on www.sedar.com and on the Company's website at www.mandalayresources.com. All currency references in this press release are in U.S. dollars except as otherwise indicated.

In accordance with the Company's dividend policy, Mandalay's Board of Directors declared a quarterly dividend of $2,285,511 (6% of the trailing quarter's gross revenue), or $0.0067 per share (C$0.0074 per share), payable on May 26, 2014 to shareholders of record as of May 16, 2014.

Brad Mills, Chief Executive Officer of Mandalay, commented, "Both Cerro Bayo and Costerfield operations achieved near-record low cash cost per ounce performance during the first quarter. Costerfield's cash cost was $800 per gold equivalent ounce and Cerro Bayo's was $5.81 per silver ounce net of gold credits. This reflects the rapid scaling up of the mines and favourable impact of exchange rate movements during the period. Both mines are on track to deliver their planned expansions on time and on budget. The Challacollo feasibility study commenced in April, and the Company will hold a conference call to discuss its Q1 2014 results 8:00 am ET on May 6th."

First Quarter 2014 Financial Highlights

The following table summarizes the Company's financial results for the first quarter of 2014 and 2013:

	Three months ended March 31, 2014	Three months ended March 31, 2014
	$	$
Revenue	38,091,844	41,624,688
EBITDA	16,026,666	19,838,082
Income from mine operations	10,432,133	15,785,066
Net income	5,744,073	10,904,114
Total assets	214,629,257	196,590,632
Total liabilities	44,343,720	44,324,175
Earnings per share	0.02	0.03

The decreases in revenue, EBITDA and profit during the first quarter of 2014 were mainly due to lower metal prices, partially offset by higher volumes sold and lower unit operating costs achieved. Higher operating expenses, depletion and depreciation in the first quarter of 2014 were associated with higher production output and sales volumes.

Net income is inclusive of non-cash, non-operating income of $104,743 related to mark-to-market adjustments of financing warrants and an AUD/USD currency option and deferred tax expense of $1,552,318. Excluding these items, profit after tax from underlying operations for the first quarter was $7,191,648 ($0.02 per share). By comparison, in the first quarter of 2013 the Company's net income of $10,904,114 ($0.03 per share) was inclusive of non-cash, non-operating expenses of $169,470 related to mark-to-market adjustments of financing warrants and cash election options and deferred tax recovery of $60,701. Excluding these items, profit from underlying operations in the first quarter of 2013 was $11,012,883 ($0.03 per share).

On March 10, 2014, Mandalay paid a quarterly dividend in the aggregate amount of $2,344,013 (C$0.0077 per share). Cash and cash equivalents of the Company were $20 million as of March 31, 2014, compared to $26.64 million as of March 31, 2013.

First Quarter 2014 Operational Highlights

Costerfield gold-antimony mine, Victoria, Australia

In the first quarter of 2014, Costerfield produced 7,915 ounces ("oz") of saleable gold ("Au") and 858 tonnes ("t") of saleable antimony ("Sb"), versus 6,203 oz Au and 766 t Sb in the first quarter of 2013. Higher mine output and plant throughput, and a full quarter of operation of the new gold room resulted in a higher percentage of gold reporting to the gravity concentrate for which we receive significantly better payment terms than our gold in Antimony sulphide concentrate. These factors resulted in higher saleable metal production in the first quarter of 2014 than achieved in the first quarter of 2013.

The combined impact of higher production, good total spending control due to cost efficiencies achieved, and effect of lower currency exchange rates led to a reduction in cash cost per gold equivalent ounce ("Au Eq. oz") produced to $800/Au Eq. oz as compared to $948/Au eq. oz in the corresponding quarter of 2013. Site all-in costs were $1,052/Au Eq. oz versus $1,177/Au Eq. oz in the previous year.

Cerro Bayo silver-gold mine, Patagonia, Chile

During the first quarter of 2014, the Cerro Bayo mine produced 743,569 oz of saleable silver ("Ag") and 5,280 oz of saleable Au, versus 611,441 oz Ag and 4,432 oz Au in the first quarter of 2013. Higher tonnes mined due to higher extraction of mineral from production stopes, improved mine grades due to larger proportion of ore extracted from high grade areas of Fabiola and Delia veins and higher metallurgical recoveries resulted in higher unit production compared to the corresponding quarter of previous year.

Cash cost per oz Ag produced net of Au by-product credits was $5.81 during the first quarter of 2014, lower than the $8.96 in the first quarter of 2013 principally due to the combined impacts of higher metal produced, good cost performance and advantageous currency exchange rates. Site all-in costs were $11.31/oz versus $14.06/oz in the previous year.

Conference Call

Mandalay Management will be hosting a conference call for investors and analysts on May 6, 2014 at 8:00 am (Toronto time). Analysts and interested investors are invited to participate using the following dial-in numbers:

Participant Number (International/Local): (647) 427-7450

Participant Number (Toll free North America): (888) 231-8191

Conference ID: 40385081

A replay of the conference call will be available until 23:59 pm (Toronto time), May 20, 2014 and can be accessed using the following dial-in numbers:

Encore Toll Free Dial-in Number: 1-855-859-2056

Local Dial-in-Number: (416) 849-0833

Encore ID: 40385081

For further information:

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About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia and producing and development 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 guidance as to anticipated gold, silver, and antimony production in future year or years. 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 28, 2014, a copy of which is available under Mandalay's profile at 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.

Non-IFRS Measures

This news release may contain references to EBITDA, cash cost per ounce of gold equivalent produced, cash cost per saleable ounce of silver produced net of gold credits, site all-in cost per ounce of gold equivalent produced and site all-in cost per saleable ounce of silver produced net of gold credits, which are all non-IFRS measures and do not have standardized meanings under IFRS. Therefore, these measures may not be comparable to similar measures presented by other issuers. Management uses EBITDA as measures of operating performance to assist in comparing the Company's ability to generate liquidity through operating cash flow to fund future working capital needs and fund future capital expenditures and to assist in financial performance from period to period on a consistent basis. The Company believes that these measures are used by and are useful to investors and other users of the Company's financial statements in evaluating the Company's operating and cash performance because they allow for analysis of our financial results without regard to special, non-cash and other non-core items, which can vary substantially from company to company and over different periods.

The Company defines EBITDA as earnings before interest, taxes, non-cash charges and finance costs. For a detailed reconciliation of net income to EBITDA, please refer to management's discussion and analysis of the Company's financial statements for the first quarter of 2014.

Equivalent gold ounces produced is calculated by adding to gold ounces produced, the antimony tonnes produced times the average antimony price in the period divided by the average gold price in the period. The total cash operating cost associated with the production of these equivalent ounces produced in the period is then divided by the equivalent gold ounces produced to yield the cash cost per equivalent ounce produced. The cash cost excludes royalty expenses. Values for 2013 have been re-calculated accordingly. Site all-in costs include total cash operating costs, royalty expense, depletion, depreciation, accretion and write-off of exploration and evaluation. The site all-in cost is then divided by the equivalent gold ounces produced to yield the site all-in cost per equivalent ounce produced.

The cash cost per silver ounce produced net of gold byproduct credit is calculated by deducting the gold credit (which equals ounces gold produced times the realized gold price in the period) from the cash operating costs in the period and dividing the resultant number by the silver ounces produced in the period. The cash cost excludes royalty expenses. The site all-in cost per silver ounce produced net of gold byproduct credit is calculated by adding royalty expenses, depletion, depreciation, accretion and write-off of exploration and evaluation to the cash cost net of gold byproduct credit dividing the resultant number by the silver ounces produced in the period.