Mandalay Resources Corporation Announces Financial Results for the Fourth Quarter and Full Year 2013, and Quarterly Dividend

TORONTO, ON, February 18, 2014-- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today revenue of $39.1 million, EBITDA of $13.9 million and net income of $4.4 million or $0.01 per share for the fourth quarter of 2013. For the full year, the Company delivered revenue of $166.9 million, EBITDA of $67.7 million and net income of $29.4 million or $0.09 per share.

In accordance with the Company's dividend policy, Mandalay's Board of Directors declared a quarterly dividend of $2,343,489 (6% of the trailing quarter's gross revenue), or $0.0070 per share (CDN$0.0077 per share), payable on March 10, 2014 to shareholders of record as of February 28, 2014.

Brad Mills, Chief Executive Officer of Mandalay, commented, "Mandalay has delivered strong production and operating cost performance during the fourth quarter and throughout 2013. This allowed the Company to deliver robust financial results even with the significantly lower prices realized in 2013 compared to 2012. The Company increased its cash balance at year-end from $17.3 million in 2012 to $33.5 million in 2013, after paying dividends of $10.8 million, capital spending and exploration investments of $41.3 million and spending $2.4 million to repurchase its shares under its Normal Course Issuer Bid program.

The Company's strong operational and financial performance, good cash generation ability at current metal prices and unlevered balance sheet should allow us to fund the acquisition and development of the recently acquired Challacollo silver-gold project from internal sources, without recourse to the equity markets."

The Company's audited consolidated financial results for the three months and year ended December 31, 2013, together with its Management's Discussion and Analysis ("MD&A") for the corresponding periods 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.

2013 Fourth Quarter and Full Year Financial Highlights

The following table summarizes the Company's financial results for the fourth quarter and full year of 2013 and 2012:

	Three months ended December 31, 2013	Three months ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
	$	$	$	$
Revenue	39,058,143	55,699,764	166,905,598	171,805,623
EBITDA	13,919,818	28,843,644	67,698,539	79,935,066
Income from mine operations	8,897,929	23,409,581	47,206,135	67,964,035
Net Income/ (Loss)	4,435,066	22,375,166	29,442,624	41,712,357
Total assets	199,163,936	185,290,684	199,163,936	185,290,684
Total liabilities	45,582,605	42,211,786	45,582,605	42,211,786
Earnings/ (Loss) per share	0.01	0.07	0.09	0.14

The decreases in revenue, EBITDA and profit during 2013 were due to lower metal prices, partially offset by higher volumes sold at both the mines. Operating expenses, depletion and depreciation were higher in 2013 than in 2012 due to higher production output and higher sales volumes.

The following table summarizes the Company's capital expenditure and unit costs for the years ended December 31, 2013 and December 31, 2012:

	Year ended December 31, 2013	Year ended December 31, 2012
	$	$
Capital development[1]	20,316,412	20,130,744
Capital purchases	14,068,227	16,187,598
Capital exploration	8,329,273	11,897,079
Cerro Bayo: Cash cost per oz Ag produced net of Au byproduct credit	6.84	5.67
Cerro Bayo: Site all-in cost per oz Ag produced net of Au byproduct credit	12.07	10.70
Costerfield: Cash cost per oz Au equivalent produced	818.62	1,112.25
Costerfield: Site all-in cost per oz Au equivalent produced	1,062.43	1,304.63

[1]Includes capitalized depreciation on equipment.

At December 31, 2013, the Company had working capital of $47,206,924 compared to $38,097,776 at December 31, 2012. The Company had cash and cash equivalents of $33,465,116 at the end of the December 31, 2013 as compared to $17,264,446 at December 31, 2012.

2013 Corporate Highlights:

- The Company repurchased 3,029,800 common shares at an average price of CDN$0.80 per share pursuant to its Normal Course Issuer Bid at a total cost of CDN$2,452,177.

- During the year, 1,647,000 financing warrants were exercised with cash settlement of $1,339,340. There were 982,100 financing warrants outstanding as of December 31, 2013.

- Mandalay announced an annual dividend policy pursuant to which the Company intends to pay quarterly dividends in an aggregate amount equal to 6% of the trailing quarter's gross revenue. Total dividend payments of $10,809,678 were made during the year.

2013 Actual Saleable Production vs Guidance

Mandalay exceeded its production guidance for 2013.

	Total 2013 Actual Production	2013 Guidance
Ag Production	3,145,537 oz	2.8 – 3.1 million oz
Au Production	50,240 oz	38,000 – 46,000 oz
Sb Production	3,275 t	2,800 – 3,000 t

2014 Guidance

Mandalay's production guidance for 2014 remains unchanged.

	Total	Cerro Bayo	Costerfield
Saleable Ag Production	3.0-3.2 million oz	3.0-3.2 million oz	-
Saleable Au Production	60,000 – 70,000 oz	23,000 – 27,000 oz	37,000 – 43,000 oz
Saleable Sb Production	3,000 – 3,300 t		3,000 – 3,300 t
Au Eq Production	130,000 – 143,000 oz		

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 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 guidance as to anticipated gold, silver, and antimony production in 2014. 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 27, 2013, 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 contains 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 page 12 of management's discussion and analysis of the Company's financial statements for the fourth quarter and full year 2013.

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 2012 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. 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 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. Values for 2012 have been re-calculated accordingly. 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.