Mandalay Resources Announces Financial Results, Quarterly Dividend for the Third Quarter of 2013 and Production Guidance for 2014

TORONTO, ON, November 5, 2013 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today revenues of $50.3 million, EBITDA of $22.9 million and net income of $10.9 million or $0.03 per share for the third quarter of 2013. In accordance with the Company's dividend policy, Mandalay's Board of Directors declared a quarterly dividend of $3,019,156 (6% of the trailing quarter's gross revenue), or $0.0093 per share (CDN$0.0097 per share), payable on November 25, 2013 to shareholders of record as of November 15, 2013.

The Company's unaudited consolidated financial results for the three and nine months ended September 30, 2013, 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.

Brad Mills, Chief Executive Officer of Mandalay, commented, "Mandalay's strong production and operating cost performance in the third quarter of 2013 enabled the Company to deliver robust financial performance compared to the year-ago quarter, despite significantly lower realized prices for all metals. We achieved higher revenue and only slightly lower EBITDA in 2013 than in 2012. Our bottom-line net income was almost $2 million higher in 2013 than a year ago. The dividend increased this quarter by 41% from prior quarter to $0.0093 per share in line with our distribution policy.

Mr. Mills continued, "With both mines performing above plan, we have been able to continue our capital investment program, exploration program, and business development efforts in spite of lower metal prices, and our conservative reserve and capital planning has enabled us to avoid the write-downs prevalent across the industry over the last few months. Particularly gratifying is the growing contribution from Costerfield to our bottom line as production passed the 16,000 ounce gold equivalent level (a rate of 64,000 ounces per year) and cash costs came down to $626/ounce gold equivalent (and $873/ounce site all-in cost). The Company has added to its cash balance available to fund compelling growth projects in 2014, with $27.7 million in cash and equivalents on hand at the end of the quarter. We also continue to be debt-free."

"With this press release we are giving our production, cost, and capital spending guidance for 2014. This guidance includes the impact of the assumed completion of the second access to the Delia NW vein at Cerro Bayo by the end of the first quarter of 2014 and the consequent increase in mine production rate to 1,400 tonnes per day. It also includes the impact of the expected development of production (beginning late in the fourth quarter of 2013) from the Cuffley lode at Costerfield, assuming that our ongoing capital development and infill drilling activities at Cuffley support conversion of currently Indicated Mineral Resources to Mineral Reserves."

Third Quarter 2013 Financial Highlights

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

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
	$	$	$	$
Revenue	50,319,270	48,847,630	127,847,455	116,105,859
EBITDA	22,950,890	23,399,401	53,778,721	51,091,422
Income from mine operations	17,479,736	22,047,343	38,308,206	44,554,454
Net Income/ (Loss)	10,998,651	9,011,008	25,007,558	19,337,192
Total assets	195,241,707	163,483,354	195,241,707	163,483,354
Total liabilities	40,096,132	41,266,533	40,096,132	41,266,533
Earnings/ (Loss) per share	0.03	0.03	0.08	0.07

In the third quarter of 2013, the Company achieved revenue, EBITDA and net income of $50.3 million, $22.9 million and $10.9 million ($0.03 per share), respectively. The decrease in EBITDA in this quarter compared to the third quarter of 2012 was largely driven by lower realized metal prices; the decrease in EBITDA is proportionately less than the decrease in metal prices due to greater volumes of metal produced and shipped at well-controlled costs.

Net income is inclusive of non-operating income of $189,827 related to mark to market adjustment of an AUD/USD currency option, non-operating expense of $122,962 related to financing warrants, $22,820 related to cash election options and non-cash deferred tax expense of $1,590,596. Excluding these items, income after tax from underlying operations for the third quarter was $12,545,202 ($0.04 per share). By comparison, in the third quarter of 2012 the Company's net income of $9,011,008 ($0.03 per share) included a $4,713,133 non-operating expense related to mark-to-market adjustment of silver and gold put options and the silver note payable to Coeur d'Alene Mines Corporation, $1,657,000 of financing warrants non-operating expense plus deferred tax expense of $709,740. Excluding these items, income after-tax from underlying operations in the third quarter of 2012 was $16,090,881 ($0.05 per share).

On Aug 26, 2013, Mandalay paid its fourth quarterly dividend in the aggregate amount of $2,151,365 (CDN$0.00690 per share). During the quarter the Company spent $343,176 to repurchase 453,500 shares at an average price of CDN$0.79 per share under its NCIB program. Cash and cash equivalents of the Company were $27.7 million as of September 30, 2013 compared to $6.4 million as of September 30, 2012.

Third Quarter 2013 Operational Highlights

Costerfield gold-antimony mine, Victoria, Australia

In the third quarter of 2013, Costerfield produced a record 8,831 ounces ("oz") of saleable gold ("Au") and a record 966 tonnes ("t") of saleable antimony ("Sb"), versus 4,317 oz Au and 594 t Sb in the third quarter of 2012. The high production was due to improved mine tonnages, plant throughput and head grades as well as a higher percentage of gold being recovered in gravity concentrate.

The greater metal production in the third quarter of 2013 together with excellent cost control led to a reduction in cash cost per gold equivalent ounce ("Au Eq. oz") produced to $626/Au Eq. oz as compared to $1,279/Au eq. oz in the corresponding quarter of 2012. Site all-in costs were $873/Au Eq. oz versus $1,479/Au Eq. oz in the previous year.

Cerro Bayo silver-gold mine, Patagonia, Chile

During the third quarter of 2013, the Cerro Bayo mine produced 733,659 oz of saleable silver ("Ag") and 5,611 oz of saleable Au, versus 804,779 oz Ag and 4,787 oz Au in the third quarter of 2012. The lower production was impacted by temporary suspension of operations as a result of the fatality experienced in the quarter.

Cerro Bayo sold a record 973,107 oz Ag and a record 7,090 oz Au in the third quarter of 2013. Shipping and sales has entirely caught up from port strikes and weather-related delays experienced in the first half of the year.

Cash cost per oz Ag produced net of Au by-product was $6.41 during the third quarter of 2013, higher than the $5.00 in the third quarter of 2012, mainly due to reduced gold credits arising from the lower gold price. Site all-in costs were $12.05/oz versus $9.54/oz in the previous year due to higher cash cost per oz.

Production, Cost, and Capital Expenditure Guidance for 2014

Mandalay offers the following production, cost, and capital expenditure guidance for 2014. It includes the anticipated impact of production from the Cuffley lode at Costerfield beginning late in the fourth quarter of 2013 (assuming that the Company's ongoing capital development toward Cuffley and infill drilling supports the conversion of currently Indicated Mineral Resources to Mineral Reserves) and completion and commissioning of the second access to the Delia NW vein at Cerro Bayo by the end of the first quarter of 2014, resulting in overall production increasing to approximately 1,400 tonnes per day by the end of the first quarter, 2014. The Company expects production in 2014 to be skewed toward the final three quarters as the impact of the expansion of Cerro Bayo and substantial production increases at Costerfield from the higher grade Cuffley lode are expected to take effect from the end of the first quarter onward. Exploration for extensions of existing veins and new veins will continue at both operations.

	Total	**Cerro Bayo**	**Costerfield**
Saleable silver production	3.0 – 3.2 million oz	3.0 – 3.2 million oz	
Saleable gold production	60,000 – 70,000 oz	23,000 – 27,000 oz	37,000 – 43,000 oz
Saleable antimony production	3,000 – 3,300 t		3,000 – 3,300 t
Gold equivalent production	130,000 – 143,000 oz		
Cash cost/oz silver net by-product		$6.00 – $8.00	
Cash cost/oz gold equivalent			$675 – $775
Capital expenditure	$38-$42 million	$14-$16 million	$24-$26 million
Exploration expenditure	$8-$10 million	$4-$5 million	$4-$5 million

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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 statements regarding the Company's expected growth in production and exploration results and production guidance for 2014. The 2014 production guidance is based, among other things, on the Company's assumptions that (i) the Company's ongoing capital development toward Cuffley and infill drilling supports the conversion of currently Indicated Mineral Resources to Mineral Reserves, (ii) production from the Cuffley lode at Costerfield will commence late in the fourth quarter of 2013 and (iii) completion and commissioning of the second access to the Delia NW vein at Cerro Bayo will occur by the end of the first quarter of 2014. If either of these assumptions is not correct the Company may not achieve its expected production increase until later that currently predicted or at all. 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. 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.

Non-IFRS Measures

This news release contains references to EBITDA, income after tax from underlying operations, 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. These non-IFRS performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

For more information regarding the non-IFRS measures used in this press release and a detailed reconciliation of EBITDA and income after tax from underlying operations to net income, please refer to the MD&A available on the Company's website at www.mandalayresources.com.