Mandalay Resources Announces Results for the First Quarter of 2013 and Annual Dividend Policy of 6%

TORONTO, ON, May 14, 2013 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today revenues of $41.6 million and EBITDA of $19.8 million for the first quarter of 2013. The Company's unaudited consolidated financial results for the three months ended March 31, 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.

Mandalay also 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, defined as revenue before royalty payments. In accordance with this new policy Mandalay's Board of Directors declared a quarterly dividend of CDN Cents 0.769 per share, payable on May 31, 2013, to shareholders of record as of May 24, 2013.

Brad Mills, Chief Executive Officer of Mandalay, commented, "We are pleased with the overall doubling of our revenue from the same quarter last year, to $41.6 million, and more than doubling of our EBITDA to $19.8 million. This demonstrates our success in growing low cost and high margin metal volumes, which helps us generate strong operating margins. This quarter was defined by a strong operating and financial performance at our Costerfield mine. At Costerfield, net operating income for the quarter was $3.4 million, significantly better than the comparable quarter in the prior year. This was the result of a number of factors including, the success of the mobile crusher in enabling increased plant throughput at high flotation recoveries, the mine delivering grades above prior quarters with the introduction of N lode ore as a significant contributor and the continued success of our CRF stoping method.

As expected, Cerro Bayo's production and sales were down in the quarter versus the prior quarter due to our previously announced planned plant curtailment taken in order to implement a significant mill automation and recovery improvement program. Results since the restart in April have shown significant improvements and we fully expect to recover lost production before year end.

In order to closely align shareholder returns with the actual business performance in a sustainable way as metal prices and operational results fluctuate, Mandalay's board has taken a decision to adopt a dividend policy that aligns with these variations by tying dividends to actual revenue generated. Mandalay's low cost operations ensure that this is a sustainable approach to delivering shareholder returns and allows us to better plan for future capital and operational needs.”

First Quarter 2013 Financial Highlights

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

	Quarter ended March 31, 2013	Quarter ended March 31, 2012
	$	$
Revenue	41,624,688	20,719,516
EBITDA	19,838,082	6,126,008
Income from mine operations	15,628,668	3,334,190
Net income/(loss)	10,904,114	(8,920,644)
Total assets	196,590,632	136,631,567
Total liabilities	44,324,175	46,072,087
Earnings/(loss) per share	0.03	(0.03)
Dividends declared per share (CDN Cents)	0.769	Nil

In the first quarter of 2013 the Company delivered revenue, EBITDA and net income of $41.6 million, $19.8 million and $10.9 million ($0.03 per share), respectively. This represents twice the revenue and three times the EBITDA of the corresponding 2012 quarter. The higher EBITDA was mainly due to greater metal volumes produced and shipped from both operations with lower than proportional increases in cost of sales.

Net income is 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 after tax from underlying operations for the first quarter was $11,012,883 ($0.03 per share). By comparison, in the first quarter of 2012 the Company’s net loss of $8,920,644 (loss of $0.03 per share) was inclusive of $11,278,163 related to mark-to-market adjustment of silver and gold put options and the silver note payable to Coeur d’Alene Mines Corporation, plus deferred tax recovery of $1,518,592. Excluding these items, profit from underlying operations in the first quarter of 2012 was $838,927 ($0.00 per share).

On March 14, 2013, Mandalay paid its second quarterly dividend of CDN$0.01 per share. Cash and cash equivalents of the Company were $26.64 million as of March 31, 2013 compared to $10.6 million as of March 31, 2012.

First Quarter 2013 Operational Highlights

Costerfield gold-antimony mine, Victoria, Australia

In the first quarter of 2013, Costerfield produced saleable 6,203 ounces ("oz") gold and 766 tonnes ("t") antimony, versus 3,690 oz gold and 489 t antimony in the first quarter of 2012. Higher gold and antimony production in the current quarter versus the comparable quarter in the prior year was due to operational improvements in the mine and plant in the previous quarters plus excellent mine and mill grades achieved during the quarter.

In the first quarter of 2013, the Costerfield mine achieved higher ore delivery, producing 25,865 t, versus 19,093 t in 2012. At the same time, ore grades were also higher in the first quarter of 2013, 9.08 grams per tonne ("g/t") Au and 4.80% Sb, as compared 8.45 g/t Au and 4.39% Sb in the first quarter of 2012.

The greater metal production in the first quarter of 2013, combined with good cost control, led to a reduction in cost per gold equivalent ounce produced to $967/oz as compared to $1,301/oz in the corresponding quarter of 2012.

Cerro Bayo silver-gold mine, Patagonia, Chile

During the first quarter of 2013, the Cerro Bayo mine produced 611,441 oz of saleable silver, versus 396,624 oz silver in the first quarter of 2012. Cerro Bayo also produced 4,432 oz gold in the first quarter of 2013, versus 2,190 oz gold in the first quarter of 2012. The increase in gold and silver production at Cerro Bayo in the first quarter of 2013 relative to the comparable quarter of 2012 was a result of the successful completion of the mine tonnage ramp-up plan in the fourth quarter of 2012. Cerro Bayo delivered lower production in the current quarter than in the prior quarter because plant operating time was restricted due to the installation and commissioning of flotation automation equipment that is designed to improve recoveries of both gold and silver.

Cash cost per silver ounce produced net of gold by-product was $8.96/oz during the first quarter, significantly lower than $11.45/oz in the first quarter of 2012, mainly due to higher production as the ramp-up proceeded.

Production guidance for the full year remains unchanged.

For further information:

Bradford Mills
Chief Executive Officer

Greg DiTomaso
Investor Relations

Contact:
647.260.1566

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 anticipated production of gold, silver and antimony for the 2013 fiscal year and production, cost and capital expenditure guidance for 2013. 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, cash cost per ounce silver produced net of gold byproducts, and cash cost per gold equivalent ounce, all of which are 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.

The Company defines EBITDA as earnings before interest, taxes and non-cash charges. EBITDA is presented as the Company believes it is a useful indicator of relative operating performance. EBITDA should not be considered by an investor as an alternative to net income or cash flows as determined in accordance with IFRS. For a detailed reconciliation of net income to EBITDA, please refer to page 9 of

Management's Discussion and Analysis of the Company's financial statements for the first quarter of 2013.

Cash cost per ounce of gold equivalent produced and cash costs per saleable ounce of silver produced net of gold credits, are presented because these statistics are key performance measures under control of the operations that management uses to monitor performance, to assess how the Company's mines are performing, and to plan and assess the overall effectiveness and efficiency of mining operations. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS. Equivalent gold ounces produced or sold is calculated by adding to saleable gold ounces produced or sold, the saleable antimony tonnes produced or sold times the antimony realized price divided by the gold realized price. The total cash operating cost associated with the production or sale of these equivalent ounces in the period is then divided by the equivalent gold ounces produced or sold to yield the cash cost per equivalent ounce produced or sold. The cash cost per ounce of silver produced net of gold credit is calculated by deducting gold revenue from the cash operating costs in the period and dividing the resultant number by the silver ounces produced in the period.