



Mandalay Resources Corporation Announces Record Financial Results for the Fourth Quarter and Full Year 2012 and Quarterly Dividend

TORONTO, ON, February 20, 2013 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND) announced today record revenue, EBITDA and earnings per share ("EPS") for the fourth quarter and full year of 2012. Full year revenue, EBITDA and EPS were \$171.8 million, \$79.9 million and \$0.14, respectively. For the fourth quarter of 2012 the Company also achieved record quarterly revenue, EBITDA, and net income of \$55.7 million, \$28.8 million and \$22.4 million (\$0.07 per share) respectively. All currency references in this press release are in U.S. dollars except as otherwise indicated.

Mandalay's Board of Directors has declared a quarterly dividend of CDN\$0.01 per share, payable on March 14, 2013 to shareholders of record as of March 7, 2013.

Brad Mills, Chief Executive Officer of Mandalay, commented: "Mandalay ended the year with a very strong fourth quarter as both mines produced record saleable volumes. This translated into record financial performance. The Company paid off all remaining debt in the fourth quarter and started returning cash to shareholders in the form of a dividend. We are now focused on the next stages of growth for both projects, specifically the development of the Cuffley lode at Costerfield beginning in mid-year 2013 and the expansion of Cerro Bayo to 1,400 tonnes per day during the first quarter of 2014."

The Company's audited consolidated financial results for the three and twelve months ended December 31, 2012, 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.

2012 Fourth Quarter Financial Highlights

Revenue for the fourth quarter of 2012 was \$55,699,764 versus \$24,233,020 in 2011. Profit from mine operations before depletion and depreciation was \$31,700,757 versus \$6,266,492 in 2011 and net profit for the quarter was \$22,375,166 or \$0.07 per share versus \$955,754 or \$0.00 per share in 2011. Excluding non-cash and non-operating expense of \$138,747 and deferred income tax of \$5,579,573, profit after tax from underlying operations for the fourth quarter was \$16,934,340 (\$0.05 per share).

The following table summarizes the Company's financial results for the three months ended December 31, 2012 and 2011:

	Quarter ended December 31, 2012	Quarter ended December 31, 2011
	\$	\$
Revenue	55,699,764	24,233,020
EBITDA	28,843,644	3,376,244
Income from mine operations	25,847,103	3,236,316
Net income ¹	22,375,166	955,754
Total assets	185,290,684	138,894,858
Total liabilities	42,211,786	39,923,892
Earnings / (loss) per share	0.07	0.00
Fully diluted EPS	0.06	0.00

¹ Net income is inclusive of non-cash, non-operating expense of \$138,747 related to mark-to-market adjustments of silver and gold put options, a silver note payable to Coeur d'Alene Mines Corporation (the "Silver Note"), and fair value mark-to-market adjustments related to financing warrants and deferred income tax income of \$5,579,573.

2012 Full Year Financial Highlights:

Revenue for 2012 was \$171,805,623 versus \$92,163,852 in 2011. Profit from mine operations before depletion and depreciation was \$95,264,831 versus \$41,291,656 in 2011. Net profit for the year 2012 was \$41,712,357 or \$0.14 per share versus \$18,477,317 or \$0.07 per share in 2011. Profit, revenue, operating expenses, and depletion and depreciation were all higher in 2012 than in 2011 due to higher production output and consequent higher sales volumes at both the mines.

The following table summarizes the Company's financial results for the years ended December 31, 2012 and 2011:

	Year ended December 31, 2012	Year ended December 31, 2011
	\$	\$
Revenue	171,805,623	92,163,852
EBITDA	79,935,066	32,013,588
Income from mine operations	75,925,395	29,419,075
Net income	41,712,357	18,477,317
Total assets	185,290,684	138,894,858
Total liabilities	42,211,786	39,923,892
Earnings / (loss) per share	0.14	0.07
Fully diluted EPS	0.11	0.05

At December 31, 2012, the Company had working capital of \$38,480,236 compared to \$28,178,485 at December 31, 2011. The Company had cash and cash equivalents of \$17,264,446 at the end of the December 31, 2012 as compared to \$12,741,454 at December 31, 2011. The Company had no outstanding debt as at December 31, 2012.

2012 Corporate Highlights:

- As at December 31, 2012, the Company had repaid the final installment of the Silver Note in the U.S. dollar equivalent amount of 20,833 ounces of silver. This Note was originally granted as part of the purchase consideration for the Cerro Bayo mine in Chile.
- On May 30, 2012, the Company and the Bank of Montreal (“BMO”) entered into a one-year revolving corporate loan facility (the “Corporate Facility”) for \$20 million. The Corporate Facility is for general corporate purposes, including working capital, capital expenditures and certain specified acquisitions. This facility is currently undrawn.
- In 2012 the Company fully repaid the loan agreement it entered into with Sprott Resource Lending Partnership (“Sprott”) in the amount of \$10,054,000 (C\$10,000,000).
- The Company repurchased 2,185,660 common shares at an average price of CDN\$0.78 per share pursuant to its Normal Course Issuer Bid at a total cost of \$1,713,011
- In July 2012 the Company completed a substantial issuer bid for its outstanding share purchase warrants. Approximately 72% of the outstanding warrants were tendered to the issuer bid and exchanged for an aggregate of 35,795,052 common shares

Quarterly Dividend

Mandalay's Board of Directors has adopted a dividend policy that provides for a quarterly discretionary cash dividend based on financial results and the future cash requirements of the Company. Pursuant to this policy, the Board of Directors has declared a dividend of CDN\$0.01 per share for the first quarter of 2013, payable on March 14, 2013 to shareholders of record on March 7, 2013. This is designated as an eligible dividend for the purposes of the Income Tax Act (Canada) and any similar provincial legislation.

2013 Guidance

Guidance for 2013 remains unchanged.

	Total	Cerro Bayo	Costerfield
Saleable Ag Production	2.8 – 3.1 million oz	2.8 – 3.1 million oz	-
Saleable Au Production	36,000 – 42,000 oz	18,000 – 21,000 oz	18,000 – 21,000 oz
Saleable Sb Production	2,800 – 3,000 t	-	2,800 – 3,000 t
Au Eq Production ¹	112,000 – 123,000 oz		

¹ Au Eq. oz produced is calculated by multiplying the saleable quantities of Au, Ag, and Sb in the period by the respective average market prices of the commodities in the period, adding the three amounts to get a “total contained value based on market price”, and then dividing that total contained value by the average market price of Au in the period. Average Au price in the period is calculated as the average of the daily LME PM fixes in the period, with price on weekend days and holidays taken from the last business day; average Sb price in the period is calculated as the average of the daily average of the high and low Rotterdam warehouse prices for all days in the period, with price on weekend days and holidays taken from the last business day; average Ag price in the period is calculated as the average of the daily London Broker's silver spot price for all days in the period, with price on weekend days and holidays taken from the last business day. The source for all prices is www.metalbulletin.com.

The Company expects that production at Cerro Bayo during the first quarter of 2013 will be affected by the planned partial suspension of processing plant operations to facilitate the installation of processing plant automation equipment. This project is expected to improve recovery of gold and silver at Cerro Bayo in the short to medium term.

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 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 30, 2012, 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. EBITDA is a non-IFRS measure and does not have a standardized meaning under IFRS. Therefore, this measure 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 fourth quarter and full year 2012.