



## **Mandalay Resources Corporation Announces Financial Results for the Third Quarter of 2011**

TORONTO, ON, November 14, 2011 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, MND.WT) announced today the release of its unaudited consolidated financial results for the quarter ended September 30, 2011, together with its Management's Discussion and Analysis ("MD&A") for the corresponding period. All currency references in this press release are in U.S. dollars except as otherwise indicated. A complete copy of the Company's financial statements for the third quarter of 2011, together with the MD&A, will be available under the Company's profile on [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.mandalayresources.com](http://www.mandalayresources.com).

Brad Mills, Chief Executive Officer of Mandalay, commented: "The Company had a strong third quarter in 2011, achieving record revenue of \$26,960,784 and record EBITDA of \$10,968,335. Net income rose to \$13,177,845 (\$0.05 per share), including non-cash, fair-value adjustments of \$7,465,691 largely related to gains in our silver and gold put options and silver note payable. Underlying net income, before application of these non-cash adjustments, rose to a record \$5,712,154 (\$0.02 per share)."

"For the nine months ended September 30, 2011, the Company achieved revenues of \$67.9 million, EBITDA of \$28.6 million, and net income of \$17.5 million (0.07 cents per share) versus revenues of \$12.3 million, EBITDA loss of \$0.8 million and a loss of \$5.2 million (loss of 0.04 cents per share) in the same period of 2010."

Mr. Mills also commented: "The Company is on track to deliver significant earnings and cash flow growth for the remainder of 2011 and throughout 2012 as we continue to ramp up production from our Cerro Bayo silver-gold mine in Chile and achieve more stable operations at our Costerfield gold-antimony mine in Victoria, Australia. We currently expect to achieve full design tonnage (1,200 tonnes/day) at Cerro Bayo by the end of the first quarter of 2012."

On a consolidated basis, in the third quarter of 2011, the Company produced 3,624 ounces ("oz") of gold, versus 1,848 oz in the third quarter of 2010, 299,679 oz of silver, versus no silver production in the third quarter of 2010, and 305 tonnes ("t") of antimony versus 267 t in the third quarter of 2010. During the third quarter of 2011, the Company realized record metal prices on the sale of all its products: \$1,814/oz of gold, \$40.00/oz of silver, and \$17,326/t of antimony.

### **Third Quarter 2011 Financial Highlights**

The following table summarizes the Company's financial results for the three months ended September 30, 2011 and 2010:

	<b>September 30, 2011</b>	<b>September 30, 2010</b>
	<b>\$</b>	<b>\$</b>
Revenue	26,960,784	4,303,930
EBITDA	10,968,335	(92,700)
Profit/(loss) from mine operations	10,260,134	390,930
Net Income/(loss) <sup>1</sup>	13,177,845	(464,749)
Total assets	135,162,587	83,614,323
Total liabilities	38,683,332	28,309,427
Earnings/(Loss) per share	0.05	0.00

<sup>1</sup>After fair value adjustments of \$7,465,691 related to Mandalay's gold and silver puts and silver loan.

Net profit increased in the third quarter of 2011 compared to the third quarter of 2010 principally as a result of Costerfield being at full production and Cerro Bayo achieving high silver prices on sales and stockpiled inventory. Net income for the third quarter of 2011 was \$13,177,845 (gain of \$0.05 per share) versus a loss in the same period last year of (\$464,749) (loss of 0.00 per share).

### **Third Quarter 2011 Operational Highlights**

In the third quarter of 2011, Mandalay produced slightly less gold and antimony and more silver than in the second quarter of 2011. Record silver sales of 376,409 oz were achieved during the quarter ended September 30, 2011 due to sales of inventories accumulated earlier in the year.

In the September month of the third quarter, 2011, Cerro Bayo reduced production for approximately three weeks in order to optimize the panel drilling and blasting cycle in its long-hole, open stopes. During the third quarter at Costerfield, delays were experienced in implementation of its backfilled, long-hole stoping method. Much of the issue was safety related, associated with poor ground conditions. The impact was that significantly lower grades were mined than planned in the quarter, resulting in lower metal production and sales. By the end of the quarter, a solution combining cemented rock backfill and cable bolting was implemented and was starting to generate significant improvements in stoping tonnage and associated grades.

Production and sales details are shown in the table below:

Units	Quarter ended September 30, 2011	Quarter ended June 30, 2011	Quarter ended September 30, 2010
<b>PRODUCTION</b>			
Gold (oz)	3,624	4,408	1,848
Silver (oz)	299,679	284,324	N/A
Antimony (t)	305	413	267
<b>SALES</b>			
Gold (oz)	3,798	4,526	1,499
Silver (oz)	376,409	270,404	N/A
Antimony (t)	279	433	234
<b>EQUIVALENT Au Ozs.*</b>			
Produced (oz)	13,395	16,660	3,911
Sold (oz)	15,102	16,582	3,307

*\*Equivalent Au Ozs for silver is calculated by converting silver to equivalent gold oz by taking the average silver price realized during the period and multiplying it by the oz of silver produced or sold during the period and dividing the resultant number by the realized gold price and adding these two number to the actual number of gold produced or sold. Equivalent Au Ozs for antimony is calculated by converting antimony to equivalent gold oz by taking the average antimony price realized during the period and multiplying it by the t of antimony produced or sold during the period and dividing the resultant number by the realized gold price and adding these two number to the actual number of gold produced or sold.*

### **Third Quarter 2011 Exploration Update**

During the third quarter of 2011, the Company continued exploration drilling at its Cerro Bayo and Costerfield mines with the objective of extending the mine lives and reserves of both projects by year-end. At Costerfield, the Company continued: drilling the Augusta Deeps with one rig; drilling the Alison vein with another rig to confirm and follow up high-grade intercepts previously announced (see press release dated August 24, 2011); and testing high priority targets for new ore shoots elsewhere in the district with a third rig. Drilling continued at the Cerro Bayo mine with eight rigs testing the highest priority new vein targets as well as infilling and extending already known ore shoots (see press release dated September 6, 2011).

### **2012 Development and Production**

The Company is revising its guidance for 2012 silver production from Cerro Bayo to 2.7-3.0 million oz. This range is slightly lower than previous guidance and is due to significant revisions of the mine plan to optimize value from new resources discovered so far in 2011. The Company is encountering significantly more ore than planned in the upper levels of the Dagny and Fabiola mines, at slightly lower than average grade. This new material will allow the Company to recover significantly more metal than originally planned over a longer mine life at the tradeoff of deferring early production of high-grade material to later in the sequence.

Combined gold production from Cerro Bayo and Costerfield in 2012 is expected to be approximately 25,000-35,000 oz, with gold production from Cerro Bayo slightly reduced from earlier guidance for the same reasons as for silver.

Antimony production from Costerfield in 2012 is expected to be in the range of 1,800-2,200 t.

In 2012, Cerro Bayo unit costs are expected to decline to \$4-5/oz of silver net of gold credits by the fourth quarter, with full year costs averaging approximately \$7-9/oz of silver net of gold credits. Costerfield unit costs are expected to average between \$1,000-\$1,100/oz of gold equivalent in 2012, higher than previously expected because the mine will continue to incur higher than expected water handling costs.

The Company is planning a \$22 million capital spending program for 2012 at its existing operations. The Company also plans to expend \$18 million on a planned exploration program totaling 130,000 m. A further \$10 million will be expended on debt repayment, leaving the Company substantially debt-free by year-end. All cash requirements for capital, exploration, and debt repayment are expected to be funded out of operating cash flow.

### **Conference Call**

The Company is hosting a conference call to discuss its quarterly results on Tuesday, November 15 at 9:00 am (EST). Dial-in information is below:

Local/International: 647.427.7450  
Toll Free: 888.231.8191  
Conference ID: 25504700

A replay of the call will be available until November 29, 2011. Please dial in as follows:

Encore Toll Free Dial-in Number: 1.855.859.2056  
Encore Local/International Dial-in-Number: 416.849.0833  
Encore ID: 25504700

### **For Further Information**

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Chief Executive Officer

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Investor Relations

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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 earnings and cash flow for 2012, its expected gold, silver and antimony production and cash costs of gold and silver production in 2012 and anticipated capital expenditures, exploration expenses and debt repayments in 2012. 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 31, 2011, a copy of which is available under Mandalay's profile at [www.sedar.com](http://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 of gold equivalent produced and cash cost per saleable ounce of silver produced net of gold credits, 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 third quarter of 2011.

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.