

January 18, 2013



Mandalay Digital Well Positioned for Growth in 2013

- \$16 million in financing since new management**
- Restructured, strengthened and cleaned balance sheet**
- Closed several acquisitions, including already accretive Logia purchase**
- Expanded carrier relationships**
- Strengthened Board and several key management positions**

LOS ANGELES, Jan. 18, 2013 /PRNewswire/ -- Mandalay Digital Group, Inc. (OTC Markets: MNDL) today announced that the Company completed \$16 million in financing during approximately the last twelve months, including a \$1 million equity round completed on December 23, 2012, new capital commitments from current Mandalay Digital Board Members, and recent conversion of debt and accounts payable into the Company's Common Stock. Substantially all new equity in this latest round was priced at \$0.70 per share with 25% warrant coverage. Additionally, the Company is exploring various strategic alternatives with respect to its Twistbox Entertainment subsidiary.

"We are well positioned to enter 2013. This latest financing reflects both outside confidence and continuing Board commitment to the execution of Mandalay Digital's growth strategy," commented Peter Adderton, Chief Executive Officer of Mandalay Digital Group. "We have strengthened our balance sheet which, together with new capital we intend to raise, will enable us to execute on our organic growth strategy and our aggressive roll-up of the mobile content distribution and mobile communications services marketplace. We are excited regarding the completed Logia acquisition which is already accretive to earnings. The acquisition has a positive revenue momentum with its Digital Turbine Ignite product, global contract signed with Telefonica Digital and product launch with Cellcom in Israel. Furthermore, we have applied for, and are diligently pursuing, a listing on a national securities exchange."

During approximately the last 12 months, Mandalay Digital accomplished the following:

- The Company secured new long-term institutional shareholders who currently hold equity positions in Mandalay Digital Common Stock of 5% or greater. Mandalay Digital

management, Board members, 5% (or greater) stockholders and other insiders continue to invest in the company. These investors have invested more than \$25 million in the Company during approximately the past 5 years.

- The Company completed the acquisition of Digital Turbine Group, LLC, the developer of Mandalay Digital's core technology platform that allows media companies, mobile carriers, and their OEM handset partners to take advantage of multiple mobile operating systems across multiple networks, while maintaining their own branding and personalized, one-to-one relationships with each end-user.
- In September 2012, Mandalay Digital completed its acquisition of the global mobile assets of Logia Group, a leading mobile content development and management solutions provider. Logia's solutions are deployed in top-tier mobile operators and content providers worldwide and include white label app & media stores, in-app payment solutions, app-based value added services, device application management solutions, and mobile social music and TV offerings. Logia has close relationships with over 500 app developers and content vendors as well as pre-existing agreements with unique mobile platforms and service providers. Logia operates in more than 20 countries, providing services including in-app billing to more than 50 leading mobile carriers including Vodafone, Verizon, Telefonica, Turkcell, Deutsche Telekom among others reaching over 1.5 billion mobile subscribers. In addition, Logia has existing partnerships with industry leaders including Amdocs, Ericsson, and Alcatel-Lucent, among others.
- The Company entered into an exclusivity agreement to explore the acquisition of mia, a leading mobile solutions provider based in Australia. mia is focused on delivering content and has extensive content licenses with major brands, a proprietary content management system, and billing integration with leading global operators such as Vodafone, SingTel, and Telstra among others.
- The Company announced partnerships with major carriers around the globe. Mandalay Digital partnered with Telefonica Digital and Cellcom Israel to deploy its Digital Turbine Ignite mobile application management solution. The Company also partnered with Indonesia-based AXIS for its Digital Turbine IQ user experience and multimedia management interface.
- The Company announced it will work with Intel Capital, Intel Corporation's global investment organization, on strategic opportunities. As part of the collaboration, Mandalay Digital signed a definitive agreement to acquire the music label assets of mobile entertainment studio skyrocket, an Intel Capital portfolio company. Intel Capital became a shareholder of Mandalay Digital as part of the agreement.
- Throughout 2012, Mandalay Digital expanded its management team in several areas and its Board of Directors. In January 2012, upon completion of the acquisition of Digital Turbine LLC, Peter Adderton was named Chief Executive Officer and elected to the Board of Directors. In May 2012, Chris Rogers, Co-Founder of Nextel Communications, Inc. (now Sprint Nextel Corporation) and several of its predecessor companies, joined the Mandalay Digital Board of Directors, and John Bendheim, President of Bendheim Enterprises, a real estate investment holding company, joined the Mandalay Digital Group Advisory Board. In September 2012, the Company added mobile industry veteran Bill Stone as CEO of Digital Turbine, LLC.

"We are very excited about our prospects for 2013," stated Robert Ellin, Executive Chairman of Mandalay Digital Group. "We now have a solid base of carrier relationships established that position us to deploy our major product suites in development, and we expect to

announce additional new carrier partners in the US and overseas this year. Our plan is to continue this aggressive roll-up strategy in 2013, primarily focusing on well-invested companies with strong carrier-centric mobile IP."

"The Mandalay Digital Board remains fully committed to the Mandalay Digital growth strategy as we start the new year," commented Peter Guber, Chairman of Mandalay Digital Group. "The maturing mobile market is demanding seamless delivery of rich media. The Company is positioned to meet that demand and seize the significant opportunities created by our mobile platform and superior user experience."

About Mandalay Digital Group

Mandalay Digital Group is at the convergence of internet media content and mobile communications. The company delivers a mobile services platform that works with mobile operators and third-party publishers to provide portal management, user interface, content development and billing technology. This proprietary platform enables the responsible distribution of mobile entertainment by the mobile operators. Mandalay Digital is headquartered in Los Angeles and has offices in Europe and Israel to support global sales and marketing. For additional information, visit www.mandalaydigital.com.

Forward Looking Statement

Statements in this news release concerning future results from operations, financial position, economic conditions, product releases and any other statement that may be construed as a prediction of future performance or events are forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause actual results to differ materially from those expressed or implied by such statements. These factors include uncertainties as to ability to raise new capital on acceptable terms or at all, ability to manage international operations, ability to identify and consummate roll-up acquisitions targets, levels of orders, ability to record revenues, release schedules, finalization and market acceptance of new products, changes in economic conditions and market demand, pricing and other activities by competitors, and other risks including those described from time to time in Mandalay Digital Group's filings on Forms 10-K and 10-Q with the Securities and Exchange Commission (SEC), press releases and other communications.

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