



2020 ESG REPORT



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Message From Leadership



**Message From
President, CEO
and Director**

2020 was an unprecedented year that pressed upon personal and industry challenges due to the COVID-19 pandemic. Thanks to the strength of our people and the swift actions taken early on, Mandalay was able to quickly adapt to this ever-changing landscape and emerged as a stronger company. This year, more than ever, it was demonstrated how fundamentally interconnected we all are and that our actions have an enormous impact on one another.

I am proud that we managed through this adversity while staying committed to our strategy and core values, which are:

SAFETY: Safety is paramount in all our decisions and actions; we proactively protect people and property.

INTEGRITY: We are our word; we honor our commitments; we abide by applicable laws and we live by high ethical standards.

RESPONSIBILITY: We are responsible for our actions and their consequences; we operate with social and environmental responsibility and promote sustainable development.

EXCELLENT PERFORMANCE & INNOVATION: We encourage excellence in everything we do and we create an environment where ideas and innovative methods to improve our processes and results are encouraged.

VALUE CREATION: We aim to seek and seize every opportunity to create more value with our resources.

AGILITY: We continuously seek out new opportunities and rapidly respond to new challenges.

Our commitment towards sustainability is tied to our core values as we strive towards ESG best practices to ensure the long-term benefits to all our stakeholders. A selection of those milestones in 2020 includes:

- Zero transmission of COVID-19 cases across the Company;
- Two consecutive years of declining greenhouse gas emissions at Björkdal and emission reduction of 44% from 2018 to 2020;
- 7% Y-o-Y reduction in greenhouse emission at Costerfield;
- Reduction in overall dust impact and diesel consumption at Costerfield with the commencement of the Brunswick portal; and
- Y-o-Y decline in our rolling 12-month LTIFR at Björkdal and Costerfield of 2.1 and 3.8, respectively.

Mandalay is committed to operating sustainably and embraces the responsibility as a key employer in the communities where we operate while. The Company looks forward to continuing our support of local initiatives that will have lasting positive impacts for years to come.



Dominic Duffy,
President, CEO and Director

About Mandalay Resources

Mandalay is a Canadian-based natural resource company with producing assets in Australia (Costerfield gold-antimony mine) and Sweden (Björkdal gold mine). The Company is focused on growing its production and reducing its costs to generate significant positive cashflow. Mandalay is committed to operating safely and in an environmentally responsible manner, while developing a high level of community and employee engagement.

Mandalay’s mission is to create shareholder value through the profitable operation of its mining operations and successful regional exploration programs. Currently, the Company’s main objectives are to continue mining the high-grade Youle vein at Costerfield and to bring online the deeper Shepherd veins, both of which will continue to supply high-grade ore to the processing plant, and to extend Youle Mineral Reserves. At Björkdal, the Company aims to increase production from the Aurora zone and other higher-grade areas in the coming years, to maximize profit margins from the mine.

Mandalay is committed to operating safely and in an environmentally responsible manner, while developing a high level of community and employee engagement. The Company is focused on commodities in which our Board of Directors and Management have extensive experience in such as: gold, silver, antimony, and other base metals. The Company operates and has interests in countries that have long-standing traditions in mining, low political risk and clear legal frameworks for tenure and taxation. Today, these jurisdictions include Australia, Sweden and Chile.

All amounts in this document are in United States Dollars unless otherwise stated.



About Mandalay Resources

2020 Highlights

35% GROWTH IN AUEQ PRODUCTION IN 2020 VS. 2019
103,444 Gold Equivalent Production in 2020

620 EMPLOYEES AND CONTRACTORS

REDUCTION IN OVERALL DUST IMPACT AND DIESEL CONSUMPTION AT COSTERFIELD WITH THE COMMENCEMENT OF THE BRUNSWICK PORTAL

Y-O-Y DECLINE IN OUR ROLLING 12-MONTH LTIFR AT BJÖRKDAL AND COSTERFIELD OF 2.1 AND 3.8, RESPECTIVELY

ZERO TRANSMISSION OF COVID-19 CASES ACROSS THE COMPANY

19% DECLINE IN AISC IN 2020 VS. 2019
\$1,254 All-in Sustaining Cost per oz Gold Equivalent in 2020

TWO CONSECUTIVE YEARS OF DECLINING GREENHOUSE GAS EMISSIONS AT BJÖRKDAL. OR AN EMISSION REDUCTION OF 44% FROM 2018 TO 2020

7% Y-O-Y REDUCTION IN GREENHOUSE EMISSION AT COSTERFIELD

Our COVID-19 Response

All sites continue to operate with COVID-19 safety measures in place. The Company first released its statement on COVID-19 on [March 20, 2020](#).

Mandalay management teams have taken comprehensive measures to reinforce safe work procedures and ensure no transmission of COVID-19. Business continuity plans were put in place with site-specific contingency plans if they were needed for extended absenteeism or production shutdown.

Mandalay monitored information from local and national governments and international health organizations, to ensure safe operations for all our employees. The protocols below were implemented across the Company in 2020. For specific initiatives at each site please view the [presentation](#) on the website.

- International travel was suspended across the Company. Only essential domestic travel was permitted and with specific protocols in place.
- High-risk employees were identified so that accommodations could be made.
- Clear policies were established for workers displaying any signs of illness. Employees and contractors were not allowed come to work if they displayed any symptoms and could return to work only once they had fully recovered.

- Where possible, work from home protocols were put into place and flexible work arrangements were made to reduce contact and maintain social distancing guidelines with strict meeting protocols in place.
- Sites reviewed hygiene and sanitization protocols and increased the frequency of the cleaning of common and high-traffic zones. Additional hand washing stations were installed and personal sanitization was made available.
- Processes were implemented for crew shift changes to ensure social distancing (i.e. staggered shift start times).
- Only essential visitors were permitted on site.

To support local first responders, the Björkdal team donated lunches to three different departments at the Skellefteå Hospital. These lunches were prepared and delivered with the help of Eve's Restaurant located in Sandfors, Skellefteå. The Björkdal team also donated personal protective equipment to help reduce the potential spread of the virus.

Costerfield also showed their appreciation to first responders by providing lunch to the staff at the Heathcote Hospital. The Costerfield team also donated to a local initiative that sewed reusable cotton gowns for doctors. Lastly, to help with accessibility, fresh produce packages were provided to 38 of the nearest mine residents in Heathcote, Victoria.

Thanks to these initiatives, both teams helped those working on the frontlines and also those indirectly impacted by the pandemic.

About This Report



Costerfield gold-antimony mine, Victoria, Australia



Björkdal gold-mine, Skellefteå, Sweden

Mandalay recognizes that Environmental, Social and Governance (“ESG”) risks are critical issues within the mining industry and continues to improve our reporting processes to better align with the Sustainability Standards Accounting Board (“SASB”) standards. The SASB framework focuses on materially sustainable issues relevant to stakeholders that could impact the financial condition or operational performance of a company. This report details Mandalay’s ESG performance for the year ended December 31, 2020.

The Company’s goal with respect to improving the overall sustainability of its operations and meeting standards of disclosure for ESG, is to establish a baseline understanding of current operations based on the SASB standards.

In addition to the metrics defined by SASB, Mandalay tracks a number of other ESG related information such as: the number of community resolution processes conducted each year, in-country payroll and funds for community initiatives, in-country taxes and royalties and detailed safety statistics.



ENVIRONMENTAL PERFORMANCE



Environmental Performance

GREENHOUSE GAS EMISSIONS

The Company currently does not have a formal emissions reduction plan and none of our operations are currently subject to emissions limiting regulations. However, we recognize the global importance of achieving energy efficiency through the reduction of greenhouse gas (“GHG”) emissions. The Company tracks GHG emissions at both of our operating sites using continuous emissions monitoring systems. On an annual basis, we review applicable GHG legislation as well as potential investments into energy efficient technologies.

The large difference between Björkdal and Costerfield emissions is due mainly to the fact that Skellefteå, Sweden sources 100% of its electricity from fossil free sources (predominately hydro) as compared to only 27% in Victoria, Australia. Australia has made a promise of reducing emissions to reach net zero by 2050 but are currently a long way behind European nations that have less dependence on fossil fuels. Costerfield continues to investigate renewable energy options in line with the government pledge.

BJÖRKDAL

At Björkdal, with no smelting activities on-site, the primary emissions-causing actions stem from diesel consumption and heating activities related to cars, machines, equipment and engines. With the pause to the open pit operation in July of 2019, Björkdal experienced a significant 45% reduction in emissions as compared to the previous year. The decline in emissions continued in 2020. While we expect stable performance moving forward, we will still continue to investigate GHG emissions reduction opportunities.

Björkdal	Unit	2018	2019	2020
GHG emissions	Metric t of CO ₂	14,204	7,789	6,180

COSTERFIELD

At Costerfield, GHG emissions are calculated in accordance with guidelines from Australia’s National Greenhouse Emissions Reporting (“NGER”) scheme. With the assistance of monitoring tools, Costerfield can record data directly on diesel consumption from heavy equipment, power machines and light vehicles from both the surface and underground usage. Year-over-year, GHG emissions have remained stable with long-term reductions expected as the incoming power grid supply has been centralised. This allows us to save diesel usage for peak load shaving to better optimize power consumption.

Costerfield	Unit	2018	2019	2020
GHG emissions	Metric t of CO ₂	26,077	27,448	25,713

Environmental Performance

AIR QUALITY

The Company maintains strict compliance protocols with respect to air quality emissions. To better ensure compliance with mining permits, technological or process improvements, aimed at reducing hazardous air pollutants, are essential to each site’s environmental management plans. Both sites must disclose relevant and material air pollutants emitted.

BJÖRKDAL

At Björkdal, oxides of nitrogen (“NOx”) levels have been declining as a direct result of less explosives being used due to the pause in the open pit operation since 2019.

Björkdal	Unit	2018	2019	2020
NOx	Metric t	201	110	83

COSTERFIELD

At Costerfield, all air pollutants are tracked within the scope of the NGER with tests conducted by consultants. Emissions of carbon dioxide, NOx and significant (antimony) metal emissions from annual stack testing of vent rises during underground firings are all directly monitored.

Costerfield	Unit	2018	2019	2020
NOx	Metric t	46	58	52
Sulphur Oxides	Metric t	0.026	0.033	0.033
Mercury	Metric t	0	0	0
Lead	Metric t	0.002	0.004	0.004
Volatile Organic Compounds	Metric t	3	4	4
Particulate matter	Metric t	47	54	53

Environmental Performance

ENERGY MANAGEMENT

The Company tracks its electricity usage at the operating site level but does not have a mandate on the use of renewable energy.

BJÖRKDAL

At Björkdal, electricity consumption is monitored and controlled within the Skellefteå Kraft reporting framework and all energy consumed is on grid.

Björkdal maps their energy consumption and continuously works towards energy saving measures according to a Swedish law based on European directive. The latest energy mapping project was undertaken in 2021.

The reduction in energy consumed (approximately 23% between 2019 and 2018) was mainly attributed to the pausing of open pit operations.

Björkdal	Unit	2018	2019	2020
Energy consumed ¹	Gigajoules	336,442	259,953	246,600

¹ 100% of all energy consumed

COSTERFIELD

Costerfield is a certified user of renewable energy, having obtained solar energy credits, Victorian energy efficiency certificates, and large-scale generation certificates.

On average, 14% of the energy consumed per annum at Costerfield is off grid – with the majority of diesel consumption relating to the operation of the reverse osmosis plant. A small percentage of pumps and monitors are powered by solar energy. Electricity consumption is monitored and controlled by NGER.

Costerfield	Unit	2018	2019	2020
Energy consumed ²	Gigajoules	143,782	161,009	153,476

² 86% of all energy consumed

Environmental Performance

WATER MANAGEMENT

Initiatives to recycle water at both properties is highly encouraged to further increase efficiency in water consumption. The Company tracks its use and discharge rates for water and is in compliance with all local permits.

BJÖRKDAL

The operation fulfills permit conditions relating to water use. Total fresh water withdrawn started to increase in 2019 due to the need to improve water quality used in the mill to improve recoveries during processing. This process enables the dilution of water in the tailings which improves water quality.

Heavy rain during the summer of 2020 caused an increase in water discharge from the underground mine. The operation currently recycles about 58% of its water.

Björkdal	Unit	2018	2019	2020
Total water withdrawn	'000 m ³	694	751	724
Total water discharge	'000 m ³	1,876	756	2,988
Total fresh water consumed	'000 m ³	694	751	724
Total water recycled	'000 m ³	959	985	1,018
Recycled water	%	58	57	58
% in regions with high water baseline stress	%	0	0	0
Non-compliance events with water quality permits, standards and regulations	Number of events	0	0	1

Environmental Performance

WATER MANAGEMENT – CONT.

COSTERFIELD

The Company has made significant investments in innovative technologies at Costerfield with its reverse osmosis water treatment plant. This investment enables water to be both recycled and discharged into the environment or used for stock or agriculture by the local community. Significant trials and testing have been conducted on aquifer recharge rates to reinject mine water back to the aquifer at an energy efficient, low cost and low risk process which was approved for an initial two-year term by the local state regulators.

Costerfield	Unit	2018	2019	2020
Total water withdrawn	'000 m ³	672	780	559
Total water discharge	'000 m ³	89	89	74
Total fresh water consumed	'000 m ³	4	5	8
Total water recycled	'000 m ³	113	88	97
Recycled water	%	17	10	17
% in regions with high water baseline stress	%	0	0	0
Non-compliance events with water quality permits, standards and regulations	Number of events	2	7	2



The dewatering of the Youle mining area caused an increase in water withdrawn at the operations in 2019. Reduction of dewatering in 2020 allowed ground water to recharge in unworked areas of the mine leading to reduced inflows during 2020. The permitted water discharge to the nearby creek complies with the Environmental Protection Agency (“EPA”) license and remains consistent year over year.

Approximately 17% of water was recycled in 2020, an improvement over the 10% in 2019. This was achieved by reducing total dewatering and increasing reusage.

Environmental Performance

WASTE AND HAZARDOUS MANAGEMENT

Initiatives to recycle water at both properties are highly encouraged to further increase efficiency in water consumption. The Company tracks its use and discharge rates for water and is in compliance with all local permits.

The storage and containment of hazardous wastes produced at a mine site – such as tailings – is monitored and regulated at the site level, with oversight from Mandalay’s Board of Directors who receive third-party audits of tailings containment facilities. The most recent third-party audits were completed in 2020 for Björkdal and in 2021 for Costerfield. Risks of these facilities are reduced by ensuring continuous monitoring of tailings, the impoundment structure of the facility and third-party engineering studies for tailings expansions and lifts. Both sites generate waste rock. Currently, neither site re-process their tailings materials.

BJÖRKDAL

At Björkdal, processing wastes include enriched sand, scrap metal, used oil and solid wastes. Björkdal has one tailings impoundment area divided into five separate cells. The tailings facility hazard potential is deemed significant, as failure could result in non-negligible risk to human life and would disrupt important utilities or cause significant economic loss or significant environmental damage. Tailings’ waste and processing waste has remained relatively consistent and is expected to continue at this level? as production increases from the underground. Total waste rock generation has decreased significantly since the operation’s paused the open pit.

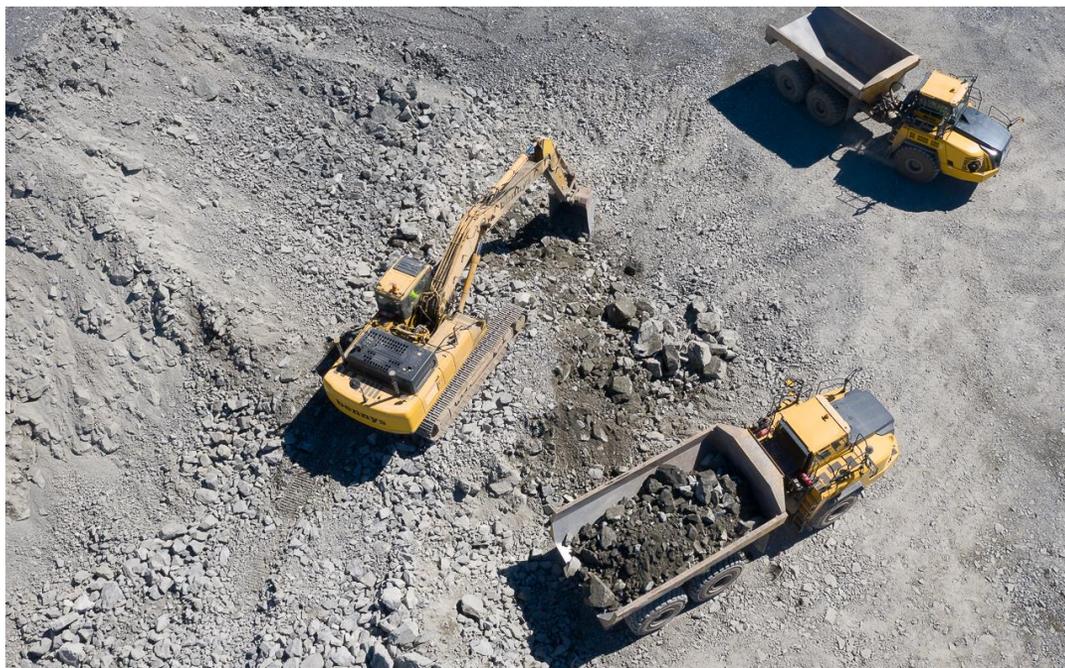
Björkdal	Unit	2018	2019	2020
Total weight of waste rock	t	1,024,844	1,701,772	380,721
Total weight of tailings waste	t	1,244,292	1,284,849	1,319,621
Total weight of tailings waste recycled	%	0	0	0
Total weight of processing waste	t	1,244,625	1,285,161	1,316,687
Total weight of processing waste recycled	%	0	0	0
Number of tailing impoundments	%	5	5	5
Breakdown of tailings impoundments by hazard potential	Comment	Significant hazard	Significant hazard	Significant hazard

Environmental Performance

WASTE AND HAZARDOUS MANAGEMENT – CONT.

COSTERFIELD

At Costerfield, total waste rock increased from 2018 to 2019 as a result of development drives needed to access the Youle deposit. Costerfield has two tailings’ impoundments, Brunswick and Bombay. The tailings facility hazard potential is also deemed significant.



Costerfield	Unit	2018	2019	2020
Total weight of waste rock	t	171,064	229,257	197,847
Total weight of tailings waste	t	149,238	134,655	138,988
Total weight of tailings waste recycled	%	0	0	0
Total weight of processing waste	t	0	0	0
Total weight of processing waste recycled	%	0	0	0
Number of tailing impoundments	%	2	2	2
Breakdown of tailings impoundments by hazard potential	Comment	Significant hazard	Significant hazard	Significant hazard

Environmental Performance

BIODIVERSITY IMPACTS

The Company has a Safety, Health and Environmental Committee (“SHEC”), which closely monitors developments so that risks within key aspects associated with biodiversity, species at risk or endangered and unique ecosystems in the areas in which we operate can properly be mitigated. Moreover, continuous community disclosure is part of our culture, and any impacts or concerns are reviewed and discussed at the site level.

Neither site has acid rock drainage (“ARD”) risks or mitigation activities, and neither site has Mineral Reserves in or near sites with protected conservation status or endangered species. Due to the benign nature of the rock at both sites, it is unlikely that ARD would occur. However, in the event of an occurrence, the closure plans would ensure appropriate and sustainable treatment. All employees are trained and encouraged to support safe, healthy, and environmentally friendly work areas

BJÖRKDAL

We believe the impact of the mine on the environment is small and that mine expansion areas have no importance to the local community for leisure, agricultural or other cultural reasons.

COSTERFIELD

The Costerfield operation follows the Environmental Management Systems Manual which was drafted in July 2016 and updated in February 2019. This manual incorporates all required impact management related to biodiversity and environmental monitoring. Where possible, waste products (metals, wood and paper) are transported and recycled offsite.



Environmental Performance

MINE CLOSURE

The Company’s reclamation obligations are fully funded at Björkdal, Costerfield, and Lupin Mines Inc. (Canada).

LUPIN

In 2020, Mandalay concluded a Public Hearing process for the Final Closure and Reclamation Plan (“FCRP”). The FCRP was subsequently approved by the Minister of Crown Indigenous Relations and Northern Affairs Canada on February 28, 2020. The Company is currently undergoing full closure of the Lupin site, with closure expenses being funded by the reclamation security currently held.

Björkdal	Unit	2018	2019	2020
Number of comprehensive closure plans in place	Number	1	1	1
Total reclamation security in place	SEK\$’000	\$16,000	\$43,000	\$43,000
Reclamation security in place as % of comprehensive closure plan	%	100	100	100

Costerfield	Unit	2018	2019	2020
Number of comprehensive closure plans in place	Number	2	2	2
Total reclamation security in place	AUS\$’000	\$4,079	\$4,079	\$4,079
Reclamation security in place as % of comprehensive closure plan	%	100	100	100



SOCIAL PERFORMANCE



**MANDALAY
RESOURCES**

Social Performance

SECURITY, HUMAN RIGHTS AND RIGHTS OF INDIGENOUS PEOPLE

The Company's current areas of operations do not have any issues regarding human rights, and both are in jurisdictions considered to be safe and mining friendly. Neither site has Mineral Reserves in or near areas of conflict or on indigenous land. Moreover, the Company does not have any security issues and both operations comply with local laws and regulations related to mining.

Mandalay respects existing local policies that are in place with respect to the "free, prior and informed consent" of indigenous communities on decisions affecting them and all measures are taken to ensure a proactive and fair consultation process.

BJÖRKDAL

The Björkdal mine is located on Svaipa's Sami winter grazing fields. The mine and the Sami village have an agreement that compensates the Sami village for grazing loss in the contract area. The agreement also provides compensation for other disturbances due to the mining operation. This agreement was signed in 2017 and has no end date.

COSTERFIELD

The Costerfield mine is in a rural small scale agricultural area and there are no areas of conflict near the mine. The Registered Aboriginal Party (Taungurung) that has claims over the land containing the mine and exploration licences is awaiting final recognition from the government under the traditional owner settlement act. Costerfield has not commenced negotiations with the traditional owners but has completed a voluntary cultural heritage assessment to begin a relationship with the traditional owners.

Social Performance

COMMUNITY RELATIONS

A key pillar to any mining operation is an open line of active and engaged community communications. In 2015, the Company developed a Community Action Plan (“CAP”) to ensure that communications with local residents and stakeholders are proactive, monitored, documented, and managed by a dedicated community relations employee at both sites. Community surveys are also done bi-annually with the next scheduled to be completed in 2021.

BJÖRKDAL

At Björkdal, community information meetings and an open house are held annually to discuss permitting activities. Support for local sport and other local organizations and other initiatives are part of the annual community plan and budget. In 2020, Björkdal registered three community issues in its community issue resolution process – two cases were documented and resolved in 2020 with the remaining one to be addressed in 2021.

The drop in taxes paid to the national government in 2020 was due to the tax payable from prior years.

Björkdal	Unit	2018	2019	2020
Number of non-technical operational delays as a result of community issues	Number	0	0	0
All forms of royalties, licence fees, taxes paid to national governments	SEK'000	6,416	5,975	377
All forms of royalties, licence fees, taxes paid to local governments	SEK'000	37	36	36
All monetary donations to in-country causes	SEK'000	23	31	39
In-country payroll	SEK'000	11,309	12,523	11,316
In-country payroll as % of operating net revenue	%	19	17	13
Number of community issues deal with in the year	Number	2	1	3

Social Performance

COMMUNITY RELATIONS – CONT.

COSTERFIELD

At Costerfield, community relations include frequent contact with neighbours and other community stakeholders. The community department’s employees receive training in engagement practices and promote community involvement with the mine’s decision-making processes on future projects and expansions.

Given that the mine is located in an agricultural environment and that all operating and exploration activities are visible, the site considers all potential community impacts from its operations annually during their review of goal and objectives.

In 2020, we resolved a major community issue which was dust generation. With the opening of the Brunswick portal, the underground haulage system halved the distance from the Youle deposit, but also eliminated haulage on public roads which significantly reduced dust emissions and diesel usage.



Costerfield	Unit	2018	2019	2020
Number of non-technical operational delays as a result of community issues	Number	0	0	0
All forms of royalties, licence fees, taxes paid to national governments	\$'000	NA	NA	NA
All forms of royalties, licence fees, taxes paid to local governments	\$'000	2,508	2,474	12,030
All monetary donations to in-country causes	\$'000	43	60	46
In-country payroll	\$'000	19,693	18,567	20,046
In-country payroll as % of operating net revenue	%	31	38	14
Number of community issues deal with in the year	Number	3	5	2

Social Performance



LABOUR ISSUES

The Company has unions at both operating sites. There have not been any strikes in at either site in the last three years.

BJÖRKDAL

At Björkdal, all employees are effectively covered by a collective agreement, with a total of five different unions in place.

Björkdal	Unit	2018	2019	2020
Active workforce covered under collective agreements	%	100	100	100
Number and duration of strikes and lockouts	Number of days	0	0	0

COSTERFIELD

Costerfield has only a few known union members, with 90% of personnel covered by an Enterprise Bargaining Agreement.

Costerfield	Unit	2018	2019	2020
Active workforce covered under collective agreements	%	90	90	90
Number and duration of strikes and lockouts	Number of days	0	0	0

Social Performance

WORKPLACE HEALTH AND SAFETY

Mandalay’s priority is the health and safety of our employees and contractors as well as the communities in which we operate. The Company’s safety-first culture is deeply embedded within our values. Both sites conduct regular training in health, safety, well-being, and emergency response. Sites are also highly focused on mental health and ensuring employees have resources available to discuss mental health. Furthermore, all management remuneration packages include safety performance targets.

BJÖRKDAL

At Björkdal, the Lost Time Injury Frequency Rate (“LTIFR”) and near missed rates decreased from 2019 to 2020. This could be attributed to effective site leadership that established better reporting practices across Mandalay. The idea was to encourage the reporting of every safety concern that could result in a potential hazard as this helps identify and reduce root causes. Safety metrics were also included in the bonus programs at the site level to increase accountability.

Björkdal measures health and safety training in terms of average hours spent annually on health, safety and emergency response training for Full-Time Employees (“FTEs”). This metric dropped slightly in 2020 as compared to 2019, but an improvement from 2018. The Work Environment Authority conducts annual inspections with the latest one being completed online in 2020 due to COVID-19 restrictions.

Björkdal	Unit	2018	2019	2020
Total hours worked	Number	546,803	495,229	473,000
Rolling 12 month LTIFR (Loss Time Injury Frequency Rate)	Number	7.32	12.11	2.11
Fatality rate	Number	0	0	0
Near miss rate	Number	17.6	14.5	12.5
Total lost time injuries	Number	4	6	1
Permanently disabling injury/illness	%	0	0	0
Average HOURS on health, safety and emergency response training for FTEs	Number	3.4 hours spent	7.7 hours spent	4.5 hours spent
Average spending on health, safety and emergency response training for contract employees	\$	250	150	200
Number of safety notices from regulatory inspections	Number	0	0	1

Social Performance

WORKPLACE HEALTH AND SAFETY – CONT.

COSTERFIELD

The reduction in spending for FTEs on health, safety and emergency response training is due to there being less reliance on external contractors for training

Costerfield	Unit	2018	2019	2020
Total hours worked	Number	495,819	495,130	527,696
Rolling 12 month LTIFR	Number	17.4	12.1	3.8
Fatality rate	Number	0	0	0
Near miss rate	Number	NA	NA	NA
Total lost time injuries	Number	8	6	2
Permanently disabling injury/illness	%	0	0	0
Average spending on health, safety and emergency response training for FTEs	\$	44,821	26,294	27,906
Average spending on health, safety and emergency response training for contract employees	\$	NA	NA	NA
Number of safety notices from regulatory inspections	Number	4	4	1



Social Performance

SOCIAL CONTRIBUTIONS

BJÖRKDAL

Educational Initiatives

The Company believes that education is a vital component of a community’s infrastructure and seeks out opportunities to improve educational experience through the support of mining and geological institutions.



In 2019, Björkdal started supporting a three-year vocational program at the Baldergymnasiet High School, which specializes in electricity. Besides the donation of electrical materials, the Company also provides scholarships. During the final year of the program, students are provided with an opportunity to visit the Björkdal mine and are encouraged to apply for internships.

The Björkdal team also supports adult education for mining machinery mechanics. This co-op education program provides an opportunity for the students to learn and gain valuable in the field experience. Björkdal provides internship opportunities for individuals enrolled within this program.



Local Community Life

In 2020, Björkdal supported local sports and village associations. One of the contributions was to equip Siretorp, a local ski hill in the Sandorf village, with lighting so that families could still enjoy downhill skiing during the dark winter months.

Björkdal also supported two local soccer clubs, Storms SK (youth) and Kågedalen AIF a women professional team. The support goes primarily to training and match-day kits as well as other administrative costs.

Furthermore, Björkdal supports local hockey. The site contributed materials to Drängsmarks IF's ice hockey rink which is used by the local schools as well as the surrounding communities. Björkdal also supports both Skellefteå AIK's men and women team.

Social Performance

SOCIAL CONTRIBUTIONS – CONT.

COSTERFIELD

Local Community Life

Royal Flying Doctor Service, Victoria, Australia

Costerfield has continued an annual ongoing contribution of AUS\$5,000 to assist with enabling the patient transport services to continue. This service has now provided over 11,000 community transports allowing for the timely delivery of essential healthcare for local community members.

O’Keefe’s Challenge Marathon

Costerfield has been the major sponsor of the O’Keefe Challenge’s Marathon since its inception in 2016. This partnership continued in 2020.

Heathcote Bowling Club

Costerfield also supports the Heathcote Bowling Club allowing for the space to be utilized by the community for events and functions.

Whroo Goldfield Conservation Network

Costerfield has continued its support for the Whroo Goldfield Conservation Network and its work on the provision of nesting boxes for native wildlife in the local forests. Several years ago, Costerfield supported the group with their installation of owl boxes – this year, a large owl was spotted roosting near the box and we are hopeful that in the coming seasons the owl takes up permanent residence. To date, over 1,100 nesting boxes are maintained by the conservation.



Heathcote Dementia Alliance

Costerfield contributed AUS\$50,000 towards the advancement of the Heathcote Dementia Alliance’s plan to develop and promote home care alternatives for dementia sufferers. This commitment facilitated concept of a person-centred designed “care cabin” aimed at providing information and support services.

Costerfield Heathcote Community Men’s Shed

Costerfield donated an unused shipping container to the Heathcote Men’s Shed to allow for additional storage of tools.



GOVERNANCE AND INTEGRITY



**MANDALAY
RESOURCES**

Governance and Integrity

The Company believes effective corporate governance is crucial to the long-term success of Mandalay. The fundamental responsibility of our Board of Directors (the “Board”) is to provide stewardship and governance over the management of the Company. The Board supports evolving practices in the field of governance by annual review and refreshment of its policies and continuous improvement based on the annual self-evaluation surveys completed by the directors.

The Board supervises the affairs of the Company directly and through its three committees: the Audit Committee; the Compensation, Corporate Governance & Nominating Committee; and the Safety, Health, Community & Environmental Committee.

INDEPENDENCE

Our Board is currently comprised of seven directors with a majority of independent directors. The basis for this determination is that, since the beginning of 2015, none of the independent directors have worked for the Company, received remuneration from the Company (other than in their capacity as directors) or had material contracts with or material interests in the Company which could interfere with their ability to act with a view to the best interests of the Company. The Chair of the Board, Bradford Mills, is not an independent director. Accordingly, the Board appointed Abraham Jonker as lead independent director (the “Lead Director”). The role of the Lead Director includes, among other things, (i) organizing and presiding over in camera or other meetings of the independent directors and taking the lead in establishing the agenda for such meetings, and (ii) serving as the principal liaison between the independent directors and the Chair on matters where the Chair may be conflicted. The Lead Director meets with all the non-executive directors of the Company for “in-camera” sessions scheduled after every meeting of the Board. The executive directors and members of management are not in attendance for these in-camera sessions.

DIVERSITY

Mandalay recognizes the importance of diversity and the potential for diversity in the composition of the Board to advance Mandalay’s best interests. As a result, we have adopted a Board diversity policy that sets forth our approach to achieving and maintaining diversity within the Board, with a specific emphasis on gender diversity. Diversity encompasses a variety of dimensions (including, but not exclusive to diversity in business and other professional expertise and experience, gender, age, ability, sexual orientation, geographic background, race and ethnicity), with their relative importance changing periodically. In 2021, Mandalay appointed its second female director, Julie Galloway, who brings valuable experience and insights to the Board, and achieved 29% women on Board, surpassing its target of 25%.

Governance and Integrity

RISK MANAGEMENT

Risk is a combination of external and internal factors that constantly change and evolve. The Company's current risk management approach is designed to create visibility on the key material risks at the sites that could adversely impact Mandalay and prevent it from achieving its key operational and strategic priorities.

The General Manager of each property is responsible for the identification and mitigation of sited-based risks and for identifying team leaders to manage and update risks on a quarterly basis. The CEO and CFO are responsible for corporate risk identification and mitigation and to ensure all site level risks are identified and managed and communicated to the Board, with quarterly updates to the risk register. The Board is responsible for risk oversight and requiring that the CEO and senior executives prioritize risk management so that management policies and procedures around risk are consistent with the Company's strategy and risk appetite. The Company has recently re-considered its material risks with a bottom up and top-down approach. Several risks pertaining to the ongoing Covid-19 pandemic have been identified, and mitigating actions are in place.

BUSINESS ETHICS AND TRANSPARENCY

Mandalay has a code of business conduct (the "Code") in place that, among other things, prohibits Mandalay employees from engaging in corruption and bribery and requires the Company to deal only with supplier's whose conduct is consistent with the code. The Code is available [here](#).

This Code is reviewed by management and the Board annually. All employees review and sign off on the Code on an annual basis. Companies are actively reminded of the need to report any corruption or bribery to management, or, by using the Company's Whistleblower hotline which is broadly available and disseminated at all sites.

The Company's employee survey completed in 2019 asked employees if they were aware of any actions on site pertaining to corruption or bribery and actions were taken to actively investigate the responses to the survey questions that suggested possible wrongdoing.

At both sites, employee induction processes include a discussion of the whistleblower process and company values and policies.

Governance and Integrity

WHISTLEBLOWER POLICY

Mandalay has retained the services of WhistleBlower Security, an independent service provider to receive reports on an anonymous and confidential basis. This system provides Mandalay with the ability to dialogue, confidentially and discreetly, with the person filing a report. A whistleblower report can be filed by visiting www.integritycounts.ca, clicking on “File a Report” and following step-by-step instructions to fill out the appropriate fields shown on the screen.

ESTMA

The Company supports efforts to increase transparency and accountability in the mining and oil and gas industries. Mandalay prepares and submit a Company-wide report prepared in accordance with Natural Resources Canada’s Extractive Sector Transparency Measures Act (ESTMA). Please refer Mandalay’s report that outlines all payments made by the Company to governments by clicking [here](#).



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