

MANDALAY  
RESOURCES

A silhouette of a person wearing a hard hat and safety vest, standing in a dark mine tunnel. The person is looking towards a bright light source in the distance, which illuminates the rough, rocky walls of the tunnel. A vertical wooden post is visible in the center of the tunnel.

# 2023 Environmental, Social and Governance Report

June 28, 2024



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## Message From Our CEO

Welcome to Mandalay Resources Corporation's 2023 Environmental, Social and Governance ("ESG") report. Mandalay remains committed as a foundational operating principle, to pursuing best practice and continuous improvement as relates to sustainable and responsible mining.

I am proud that we successfully managed through the evolving dynamics of global markets and environmental challenges, while not wavering from our strategy and core values, measuring our success on the following principles:

- Our employees and contractors' well-being and personal dignity is safeguarded as they work safely and experience the personal satisfaction that comes with high performance and recognition;
- Gender equality, diversity across all human dimensions including thought, and inclusive and respectful engagement, dialogue and participation underpin our hiring and operating practices;
- The communities in which we operate value our presence through fostering healthy relationships with active dialogue;
- Our environmental impact and carbon footprint is minimized in a sustainable manner and causes no permanent harm;
- Our shareholders realize superior returns on their investment and support our corporate values including striving for ESG excellence;

Our company-wide ESG strategy is focused on implementing good industry practice in key material ESG areas of our business, while simultaneously building a strong culture of responsible mining across the organization. In 2023, the Company achieved its best safety record to date, with a Lost Time Injury Frequency Rate ("LTIFR") of 2.0 per million hours worked. This was largely driven by further education and training on incident management and response. This steady decline in LTIFR, coupled with consistent production levels over recent years, is a testament to the effectiveness of our safety programs and reflects the care employees have for one another. We continually strive to improve our ESG training, communication and education. Our

board of directors (the "Board"), along with its committees within their functional areas, oversees ESG risks. Oversight of environmental and social risks falls within the mandate of Mandalay's Safety, Health and Environmental Committee ("SHEC"). Whereas Governance falls within the mandate of the Compensation, Corporate Governance and Nominating Committee ("CCGNC"). Environmental and social performance criteria are factored into our corporate performance scorecard, which is linked to executive compensation. We also incorporate ESG targets and objectives into performance scorecards for each of our operations. Our management and the Board annually reviews and updates, as required, our policies and procedures with the desired outcome of doing the right thing for our communities, the environment and our shareholders.

Our mine operations are heavily engaged in community engagement efforts, and we are proud of the support we provide locally. As an example, we have been providing monthly funding for local food relief and undertaking volunteering at the local community house near our operation to assist with preparing meals.

I would like to thank our Board for their guidance, as well as our shareholders for their continued support. I especially express my appreciation to all our employees and contractors for their hard work, resourcefulness, alignment with our core values and their commitment to operational excellence. It's through the collective efforts of our talented people that we will continue to strive to reach new heights in 2024 and beyond. I am excited for the future and look forward to updating the market on our progress.

**Frazer Bouchier**  
President, CEO and Director



# About Mandalay

Mandalay Resources Corporation (“Mandalay” or “the Company”) is a Canadian-based natural resource company with two producing assets: The Costerfield gold-antimony mine (“Costerfield”) in Australia and The Björkdal gold mine (Björkdal) in Sweden. Mandalay is committed to operating safely and in an environmentally responsible manner, while developing a high level of community and employee engagement.

Mandalay’s corporate office is located in Toronto, Canada. As of December 31, 2023, the Company had 477 employees and 127 contractors, for a total workforce of 604 people working across all jurisdictions. Mandalay trades on the Toronto Stock Exchange under the symbol “MND” and has approximately 93 million issued and outstanding shares as of the date of this report.

## Company Highlights

**Diversified gold and antimony production in top-tier jurisdictions**

**Proven cost-effective resource growth with exploration upside**

**New management team with vision to build a mid-tier producer**

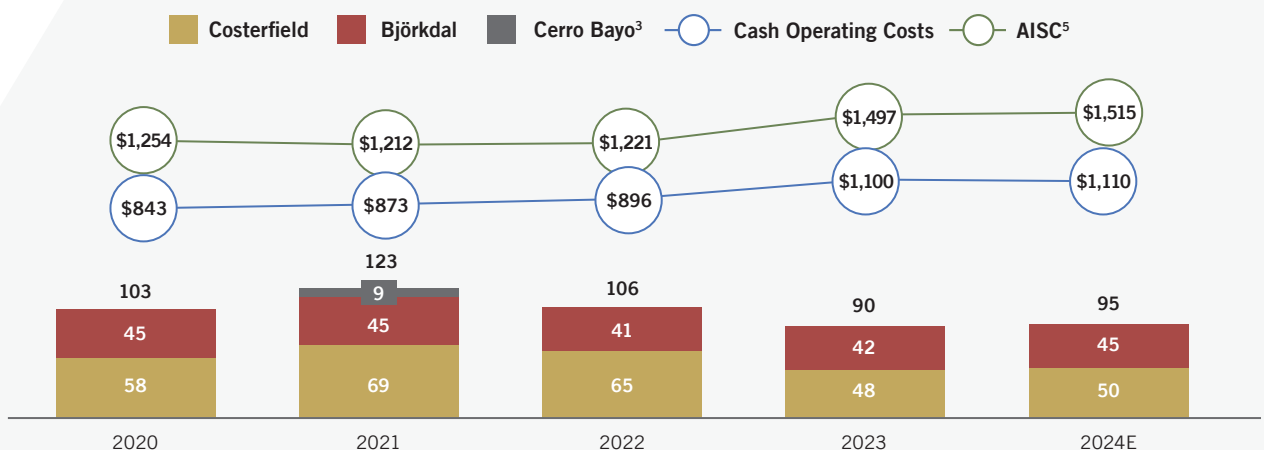
**Strong cash flow generation and sound balance sheet**

**Proven track record, with 10+ years of operations**

*All amounts in this document are in United States Dollars (“US\$”), Swedish Krona (“SEK”) or Australian Dollars (“AU\$”).*

## Established Track Record of Production<sup>1,2</sup>

koz AuEq | US\$/oz AuEq



- 1 AuEq production per average gold and antimony prices, as determined by LME and Rotterdam warehouse, respectively
- 2 Mid-point graphed for 2024
- 3 Cerro Bayo placed under care and maintenance in 2017 and subsequently sold in 2021
- 4 2024E as per the full year production and cost guidance press release on January 16, 2024
- 5 Cash operating costs and all-in sustaining costs are non-GAAP financial performance measures with no standard definition under IFRS. Refer to the NonGAAP Financial Performance Measures section of our MD&A.

## Vision

At Mandalay, it is our **vision** to build a recognized and respected **mid-tier gold producer** that generates **attractive financial returns**, synchronous with ensuring the **well-being of all stakeholders**.

## Growth Strategy



## Values

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

**Integrity:** We are our word; we honour 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 we 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.

## Where We Operate

### BJÖRKDAL



The Björkdal operation is located within the Boliden mining district, approximately 28 km northwest of the municipality of Skellefteå and approximately 750 km north of Stockholm. Acquired in 2014, the mine produced gold from both an open pit and underground mine. In 2019, Mandalay Resources completed the transition and suspended the open pit operation and now solely operates the underground mine. The target was to eliminate the associated open pit costs and

take advantage of processing higher margin underground Aurora zone and stockpiled ore. Mandalay Resources expects to increase the processing rate to 1.45 million tonnes of ore in 2024.

The Björkdal operation has been operational since 1983. Currently, the Björkdal mine produces ore from the Aurora zone underground mine, as well as from a stockpile of low-grade material accumulated over the course of its life of mine. Approximately 80% of the mill feed is attributed to the underground operation and the remaining 20% from the stockpiled material.

Underground mining is accomplished by long-hole stoping using a combination of contractors and owner-operated mobile fleet. Access is via dual ramps from the open pit. The processing plant includes: multiple crushers, a ball mill and rod mill, a gravity circuit, and a flotation circuit. Four separate gravity and flotation gold concentrates are produced and sold to smelters in Sweden and Germany.

## COSTERFIELD

Costerfield is located within the Costerfield mining district of Central Victoria, Australia, approximately 10 km northeast of the town of Heathcote and 50 km east of the city of Bendigo.



Purchased in 2009, Mandalay Resources immediately restarted capital development and mining. By 2013, through extensive improvements and investments in mining and processing methods, the processing plant's capacity was expanded to approximately 13,000 tonnes per month from 5,000.

The Augusta mine has been operational since 2006 and was the sole ore source for the Brunswick processing plant until December 2013, when ore production started from the Cuffley deposit located approximately 500 m to the north of the Augusta mine workings. The Brunswick deposit is being mined in conjunction with the Youle deposit, which produced its first ore in August 2019. Currently, Youle and Shepherd are the main source of material for Costerfield.

The mining method employed is long-hole stoping with cemented rock fill. Ore is accessed by a primary spiral ramp. Level spacing is at 10 m centers and horizontal development is advanced in a minimum of 1.8 m wide drives in both directions of the deposit. Levels are then mined out on retreat with long hole stopes drilled to a minimum width of approximately 1.5 m. The stopes are subsequently backfilled with cemented rock fill to supply stability, reduce dilution, and allow for mining above and below developed levels. Ore is trucked on the surface from the Augusta mine portal to the Brunswick processing plant, where it is stockpiled and blended into the processing circuit. Costerfield is currently planning a second mine portal at Brunswick. The circuit includes primary mobile crusher, primary and secondary ball mills, rougher, scavenger, cleaner flotation, gravity circuit, and filtering. Gravity gold concentrate is sold to a refinery in Melbourne, Victoria, and gold-antimony flotation concentrate is trucked to the port of Melbourne and shipped to a smelter in China.



# About this Report

Mandalay recognizes that 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, 2021, December 31, 2022, and December 31, 2023.

Mandalay’s goal is to focus on improving both our ESG performance and disclosure. In June 2024, we began conducting ESG materiality and gap assessment at our operations. The results of the assessments will be discussed

internally with our site management teams, senior leadership team, and Board – and then also with external stakeholders and affected indigenous groups. This will help us identify areas of improvement and determine priority ESG areas.

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.





# ESG Highlights

## Environmental



- **Reduced GHG** at Costerfield by **15%** since 2021
- **Björkdal recycled about 56% of its water**
- **Environmental policy training** for employees
- **Zero significant environmental incidents**
- Significant trials and testing have been conducted on aquifer recharge rates to **reinject extracted groundwater back into the aquifer at an energy efficient, low cost, and low risk process** which was approved for an initial two-year term by the regulators.
- **100% of electricity** from **fossil-free sources** at Björkdal
- At Björkdal, oxides of **nitrogen** (“NOx”) levels have **declined 36%** since 2021
- **18% of the energy consumed** per annum at Costerfield is **off grid**

## Social



- **Zero fatalities**
- **Zero human rights violations**
- **The best safety record to date**, with a Lost Time Injury Frequency Rate (“LTIFR”) of 2 per million hours worked
- **Safety training** for employees
- **Local employment rate remains above 80%** at Costerfield within 85 km of operation
- **AU\$45,575 spent on local community events and charities** in 2023 at Costerfield
- **SEK200,000 spent on local sponsorships** annually at Björkdal
- **Local employment rate** remains above **72%** at Björkdal

## Governance



- **29% women on our Board**, surpassing our target of 25%
- Ratio of **independent directors is 57%**
- **New management team** with vision to build a mid-tier producer
- Adopted a **Board Diversity Policy**
- The legal and human resources teams work together to identify, assess and **manage Modern Slavery risks**
- Anonymous and confidential **whistleblower reporting system**





# 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. All GHG numbers reported here are Scope 1.

The main point of distinction between our operating sites is that Björkdal sources 100% of its electricity from fossil-free sources (predominately hydropower), while at Costerfield, it’s approximately 27%. Australia has made a pledge to reduce its emissions and reach a net zero position by 2050. In support of this promise, Costerfield will continuously investigate feasible renewable energy options.

### BJÖRKDAL

At Björkdal, with no smelting activities on-site, GHG emissions is calculated using the primary emissions-causing actions stem from diesel consumption and heating activities related to cars, machines, equipment and engines. The small increase year over year is due to increasing production from underground and having to truck further each year. We will continue to investigate GHG emissions reduction opportunities.

Björkdal	Unit	2021	2022	2023
GHG emissions	Metric t of CO <sub>2</sub>	5,984	6,241	6,444

### 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 on surface and underground. Year-over-year, GHG emissions have declined due to production that is capital development reduction and leaving all waste underground for backfill.

Costerfield	Unit	2021	2022	2023
GHG emissions	Metric t of CO <sub>2</sub>	24,268	22,394	20,909

## Air Quality

The Company maintains strict compliance protocols with respect to air quality. Both sites disclose relevant and material air pollutants to ensure compliance with mining permits, or technological processes improvements aimed at reducing hazardous air pollutants.

### 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	2021	2022	2023
NOx	Metric t of NOx	297	183	190

### 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	2021	2022	2023
NOx	Metric t of NOx	49.0	41.5	41.5
Sulphur Oxides (“SOx”)	Metric t of SOx	0.034	0.031	0.031
Mercury	Metric t of Mercury	0	0	0



Costerfield	Unit	2021	2022	2023
Lead	Metric t of Lead	0.003	0.002	0.002
Volatile Organic Compounds ("VOCs")	Metric t of VOCs	3.5	2.588	2.588
Particulate Matter	Metric t of Particulate matter	52.5	44.2	44.2

## Energy Management

Electricity usage is monitored at the operating site level, however does not currently have a corporate mandate on strictly using renewable energy sources.

### BJÖRKDAL

At Björkdal, electricity consumption is monitored and controlled within the Skellefteå Kraft reporting framework and all energy consumed is on grid. Currently, hydropower accounts for 100% of our electricity consumption.

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.

Björkdal	Unit	2021	2022	2023
Energy consumed (68% of all energy consumed)	Gigajoules	267,242	282,784	297,051

### COSTERFIELD

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

On average, 18% of the energy consumed per annum at Costerfield is from renewable sources. The majority of diesel consumption relates to the operating equipment underground. Electricity consumption is monitored and controlled by NGER.

Costerfield	Unit	2021	2022	2023
Energy consumed (86% of all energy consumed)	Gigajoules	147,591	136,578	129,715

## Water Management

Environmental performance is monitored at the corporate level, and initiatives such as recycling water to increase the site's efficiency in water consumption is highly encouraged. The Company tracks its use and discharge rates for water and is in compliance with all local permits.

### BJÖRKDAL

The water quality at the operation is monitored on a regular basis at eight strategically placed monitoring stations. Sampling is performed by certified samplers and the protocol includes analyses for a suite of twenty-two metals.

During 2022, elevated levels of nitrites/nitrates were noted in the tailings discharge-off water. The concentrations in the water rise and fall seasonally and peaks during the winter falling off again in the spring when the thaw dilutes the water. In 2022, the authorities were notified that Björkdal would not be able to comply with the nitrate concentration limits stipulated. An action plan including ongoing monitoring of concentrations had been put in place to rectify the situation. During 2023, based on the remedial actions taken, levels of nitrites/nitrates were lower than the previous year, and all target conditions were achieved.

The operation recycled approximately 56% of its water in the year ending December 31, 2023.

Björkdal	Unit	2021	2022	2023
Total water withdrawn	Thousand m <sup>3</sup>	805	1,006	824
Total water discharge	Thousand m <sup>3</sup>	3,048	2,251	2,564
Total fresh water consumed	Thousand m <sup>3</sup>	805	1,006	824
Total water recycled	Thousand m <sup>3</sup>	1,023	874	1,059
% recycled (total water recycled/ total water consumed and recycled)	%	56%	46%	56%
% in regions with high water baseline stress	%	0%	0%	0%
Number of non-compliance events with water quality permits, standards and regulations	Number of events	0	2	0

## 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 and agriculture by the local community. Significant trials and testing have been conducted on aquifer recharge rates to reinject extracted groundwater back into the aquifer at an energy efficient, low cost, and low risk process which was approved for an initial two-year term by the regulators.

The permitted water discharge to the nearby creek complies with the Environmental Protection Agency (“EPA”) licence. Permitted water discharge more than doubled from 2021 to 2022 due to improved performance of the reverse osmosis and

partly due to the additional water to manage from the increased inflows.

Costerfield	Unit	2021	2022	2023
Total water withdrawn	Thousand m <sup>3</sup>	558	578	728
Total water discharge	Thousand m <sup>3</sup>	185	194	278
Total fresh water consumed	Thousand m <sup>3</sup>	7	6	7
Total water recycled	Thousand m <sup>3</sup>	110.9	101.3	121.5
% recycled (total water recycled/ total water consumed and recycled)	%	19.9%	17.5%	16.7%
% in regions with high water baseline stress	%	0%	0%	0%
Number of non-compliance events with water quality permits, standards and regulations	Number of events	1	2	6

## Waste and Hazardous Materials Management

The storage and containment of hazardous waste produced at a mine site—such as tailings—is monitored and regulated at the site level, with additional oversight from the Board, who can request independent audits of tailings containment facilities. The most recent site managed third-party operational audits of the facilities were completed in 2022 for Björkdal and in 2023 for Costerfield. Risks at 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-processes their tailings materials.

## BJÖRKDAL

At Björkdal, processing waste includes enriched sand, scrap metal, used oil and solid waste. Björkdal has one tailings impoundment area divided into five separate cells. The management and operation of the tailings is based on and follows Swedish national laws and guidelines. Dam safety is assessed as satisfactory, with minor deviations which are remedied on an ongoing basis. 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 pausing the open pit in 2019. 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. The total waste rock increased from 2022 to 2023 because of some open pit mining.

Björkdal	Unit	2021	2022	2023
Total weight of waste rock	t	313,938	399,978	617,030
Total weight of tailings waste	t	1,253,848	1,243,653	1,233,915
Total weight of tailings waste recycled	%	0%	0%	0%
Total weight of processing waste	t	1,255,047	1,244,380	1,234,764
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

## COSTERFIELD

At Costerfield, total waste rock decreased from 2021 to 2022. Costerfield has two tailings impoundments: Brunswick and Bombay. The management and operation of the tailings is based on and follows the Australian National Committee on Large Dams guidelines. Dam safety is reviewed periodically as required and recommendations are continually managed. The tailings facility hazard potential is also deemed significant.

Costerfield	Unit	2021	2022	2023
Total weight of waste rock	t	146,909	38,767	47,172
Total weight of tailings waste	t	135,065	131,569	130,505
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





## Biodiversity Impacts

The SHEC 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 this mine on the environment is small and that mine expansion areas have no impact 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.

## Mine Closures

The Company’s reclamation obligations are partially 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”) for Lupin. 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 this site, with closure expenses being partially funded by the reclamation security currently held.

### BJÖRKDAL

	Unit	2021	2022	2023
Number of comprehensive closure plans in place	Number	1	1	1
Total reclamation security in place	SEK	43.35M	43.35M	43.35M
Reclamation security in place as % of comprehensive closure plan	%	90	90	90

### COSTERFIELD

	Unit	2021	2022	2023
Number of comprehensive closure plans in place	Number	2	2	2
Total reclamation security in place	AU\$	4M	4M	9M
Reclamation security in place as % of comprehensive closure plan	%	100	100	100



# 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 recognises 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 perpetuity agreement was signed in 2017.

### COSTERFIELD

The Costerfield mine is in a rural, small-scale agricultural area, and there are no areas of conflict near the mine. Costerfield has commenced negotiations with the traditional owners but has not finalised an agreement for new licences. Existing licences are not affected.

## Community Relations

A key pillar to any mining operation is an open line of active and engaged community communications. The Company maintains a Community Engagement Plan to ensure that communications with local residents and stakeholders are proactive, monitored, documented, and managed by a dedicated community relations employee at both sites.

### BJÖRKDAL

At Björkdal, community information meetings and an open house are held annually to discuss permitting activities. Support for local sports and other local organizations and other initiatives are part of the annual community plan and budget. Björkdal documented and resolved one community issue in its community issue resolution process in 2022. In 2023, three issues were documented with one remaining issue to be addressed in 2024 by the authority.

The drop in taxes paid to the national government in 2023 was due to different taxable net income levels for the operation.

Björkdal	Unit	2021	2022	2023
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	10.4M	24.9M	4.1M
All forms of royalties, licence fees, taxes paid to local governments	SEK	1.4M	2.1M	1.3M
All sponsoring to in-country causes	SEK	200,000	200,000	200,000
In-country payroll	SEK	128M	130M	136M
In-country payroll as % of operating net revenue	%	17	18	16
Number of community issues dealt within the year	Number	3	1	3

## COSTERFIELD

At Costerfield, community relations include frequent contact with neighbours and other community stakeholders. Costerfield's community department 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 its goals and objectives.

Costerfield maintains an endorsed Community Engagement Plan. This plan provides details of community engagement activities, provides a complaint resolution process and outlines terms of reference for our Environmental Review Committee and Community Reference Sub-Committee.

Costerfield made a large tax payment in 2022 due to the higher 2021 revenue.

Costerfield documented and resolved three community issues in 2021 and two in each of 2022 and 2023.

Costerfield	Unit	2021	2022	2023
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 local and national governments	AU\$	13.9M	39.9M	20.9M
All sponsoring to in-country causes	AU\$	91,327	92,340	93,196
In-country payroll	AU\$	23.2M	24M	25M
In-country payroll as % of operating net revenue	%	14	14	18
Number of community issues dealt within the year	Number	3	2	2

## Labour Issues

The Company has unions at both operating sites. There have not been any strikes 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	2021	2022	2023
Active workforce covered under collective agreements	%	100	100	100
Number and duration of strikes and lockouts	Number	0	0	0

### COSTERFIELD

Costerfield has a union group available to them. The participation rate onsite is unknown as members are silent although from broad information received from the union the membership is low and 90% of personnel are covered by an Enterprise Bargaining Agreement.

Costerfield	Unit	2021	2022	2023
Active workforce covered under collective agreements	%	90	90	90
Number and duration of strikes and lockouts	Number	0	0	0

## 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

The Lost Time Injury Frequency Rate (“LTIFR”) and near miss rates decreased from 2021 to 2023. Site leadership established better reporting practices across Björkdal. 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 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”).

Björkdal	Unit	2021	2022	2023
Total hours worked	Number	524,221	507,557	533,597
Rolling 12-month Loss Time Injury Frequency Rate per million hours worked	Number	1.91	3.94	1.87
Fatality rate	Number	0	0	0
Near miss rate	Number	10.3	7.1	4.5
Total lost time injuries	Number	1	2	1
Permanently disabling injury/ illness	%	0	0	0
Average hours spent on health, safety and emergency response training for FTEs	Number per FTE	7.15 hours spent	8.5 hours spent	7.2 hours spent
Average spending on health, safety and emergency response training for FTEs	US\$	196	261	207
Number of safety notices from regulatory inspections	Number	0	0	0

## COSTERFIELD

The total hours spent on health, safety and emergency response training for FTEs increased due to the focus on building a strong culture of responsible mining across the organization.

Costerfield	Unit	2021	2022	2023
Total hours worked	Number	490,049	379,279	485,729
Rolling 12-month Loss Time Injury Frequency Rate per million hours worked	Number	6.1	2.1	2.1
Fatality rate	Number	0	0	0
Near miss rate	Number	14.3	15.3	32.9
Total lost time injuries	Number	3	3	1
Permanently disabling injury/ illness	%	0	0	0
Average hours spent on health, safety and emergency response training for FTEs	Number per FTE	3.79 hours spent	5.71 hours spent	4.34 hours spent
Average spending on health, safety and emergency response training for FTEs	AU\$	161	223	482.5
Number of safety notices from regulatory inspections	Number	1	3	2



## Social Contributions

Instilling our values into daily decision making and engagement with the community is a key corporate responsibility. Mandalay aims to be an effective community partner by contributing to our local communities.

### BJÖRKDAL

In 2023, Björkdal sponsored:

- Local sports and village associations
- A new bike park, which is being built near Sandfors school
- The Stavaträsk playground with a new slide, swing, jumping mat, as well as a toy stove, chairs and tables for the playhouse
- The local snowmobile club, Stavaträsk skoterklubb, with snow grooming equipment to make snowmobile trails
- A meeting room in Filipstad, called the Gold Room; Filipstad is a higher Vocational College that trains technicians and engineers in Mining & Construction
- Skellefteå AIK's ice hockey team

### COSTERFIELD

#### Royal Flying Doctor Service, Victoria, Australia

Costerfield has continued an annual ongoing contribution of AU\$10,000 to assist with enabling the patient transport services to continue. This service has now provided over 15,000 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 2023.

#### Heathcote Food Relief

Costerfield also supports the Heathcote Community House to prepare meals to be distributed to the local community. In 2023, over AU\$5,000 was donated which equated to 2,500 meals being provided.

#### St Vincent de Paul Society

Costerfield provides annually to the local Vinnies charity at Christmas so that it can assist families in need to celebrate the Christmas spirit. In 2023, over AU\$2,500 of local supermarket gift cards were supplied.





# Governance

The Company believes effective corporate governance is crucial to the long-term success of Mandalay. The fundamental responsibility of our Board is to provide stewardship and governance over the management of the Company. The Board supports evolving practices in the field of governance by annually reviewing and updating its policies and finding ways to continually improve based on the annual self-evaluation surveys completed by the directors.

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

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## Independence

Our Board is currently comprised of seven directors with the majority being independent directors. The basis for this determination is that, since the beginning of 2019, 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

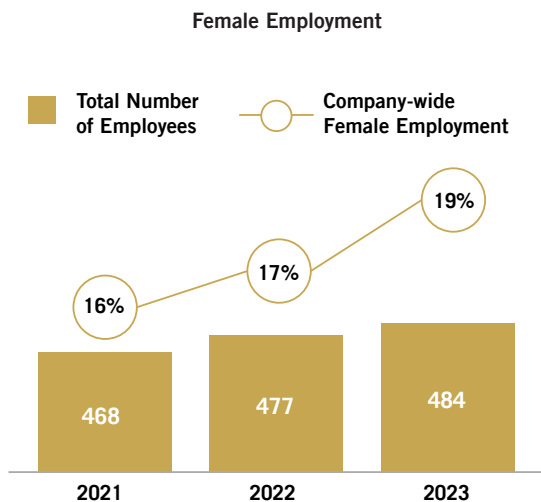
presiding over in-camera or other meetings of the independent directors and taking the lead in establishing the agenda for such meetings, and (ii) serving as the principal liaison between the independent directors and the Chair on matters where the Chair may be conflicted. The Lead Director meets with all 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.

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## Diversity

Mandalay believes in the importance of diversity and understands that it will result in better-performing employees and a more successful company. It also recognizes 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 its Board, surpassing its target of 25%.

We continuously work to promote a professional environment where diversity of representation and opinion is both valued and appreciated.



## Risk Management

Mandalay’s Board oversees the Company’s approach to enterprise-wide risk management, which includes risks related to environmental, social and governance issues and initiatives. Each committee of the Board oversees risks within their functional area. Oversight of environmental and social performance of the Company falls within the mandate of SHEC. Whereas Governance falls within the mandate of the Compensation, Corporate Governance and Nominating Committee (“CCGNC”).

Mandalay’s President and Chief Executive Officer (“CEO”), Executive Vice President and Chief Financial Officer (“CFO”) and Chief Operating Officer (“COO”) have ultimate responsibility for corporate risk identification and mitigation and to ensure all site level risks are identified and managed and communicated to the Board.

The CEO, CFO and COO are assisted by the respective site General Managers (GMs), who are responsible for the management and governance of Modern Slavery Risks and compliance with applicable laws at the site level. Mandalay’s legal and procurement teams work together to identify, assess and manage Modern Slavery Risks in our supply chain. Similarly, the Company’s legal and human resources teams work together to identify, assess and manage Modern Slavery Risks in our workforce.

## Business Ethics and Transparency

Mandalay has a Code of Business Conduct and Ethics (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 suppliers whose conduct is consistent with the code.

All employees review and sign off on the Code on a biennial basis. Employees 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.

## Other Relevant Policies

### Environmental Policy

Mandalay Resources is committed to maintaining the highest level of integrity in its corporate responsibilities toward resource development and environmental stewardship. Mandalay is committed to environmental protection throughout the exploration, development, operation and eventual closure and rehabilitation of each of its projects by applying sound judgment, by meeting or exceeding legislative requirements and by minimizing adverse impacts its activities may have on the environment.

Mandalay views adherence to the policy’s environmental guidelines as a continual improvement process.

### Non-Discrimination and Harassment Policy

This policy aims to ensure that employees and other workers at Mandalay are not subjected to discrimination, workplace harassment or bullying. Mandalay is committed to providing a safe work environment conducive to positive and effective workplace relations. Mandalay is committed to equal employment opportunity, fair treatment and non-discrimination for all existing and future employees and workers.

Details of the employee issue resolution process are posted prominently around all sites.

### Safety and Health Policy

The safety and health of our employees, contractors, consultants, visitors at work and the communities we operate in is a core value of Mandalay Resources. No other business objective has higher priority. The Company is committed to providing a safe and healthy work environment for all employees, contractors, consultants and visitors and requires that safety should not be compromised for any other business priority. We expect



consultants, suppliers, visitors and contractors of Mandalay Resources to have the same high standards of safety and health as we do.

The Company complies with all laws and standards established by appropriate federal, state, regional and local governments and agencies in the jurisdictions within which it operates.

### **Whistleblower Policy**

Mandalay is committed to maintaining the highest standards of business conduct and ethics and is governed by the Company Code of Business Conduct and Ethics and Timely Disclosure, Confidentiality and Insider Trading Policy. It is our mandate to comply with and require our employees to comply with all applicable legal and regulatory requirements relating to corporate reporting and disclosure, accounting and auditing controls and procedures, securities compliance, internal accounting controls, and matters that potentially involve fraud against the Company. The internal controls and procedures at Mandalay are intended to prevent, deter and remedy any violation of the applicable laws and regulations. Even the best systems of control and procedures, however, cannot provide

absolute safeguards against such violations. Mandalay has a responsibility to investigate and, if required, report violations to appropriate authorities.

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](http://www.integritycounts.ca), clicking on “File a Report” and following step-by-step instructions to fill out the appropriate fields shown on the screen.

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### **Transparency and Accountability**

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

# Caution Regarding Forward Looking Information

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as “plans”, “intends”, “anticipates”, “should”, “estimates”, “expects”, “believes”, “indicates”, “targeting”, “suggests”, “continue”, “may”, “will” and similar expressions. Forward-looking statements include, but are not limited to: statements with respect to the future price of gold (“Au”), antimony (“Sb”) and other metals as well as foreign exchange rates; the estimation of Mineral Reserves and Resources and the related results and timing of such estimates; the performance of Mineral Reserve estimates in predicting amount and quality of ore actually mined; the timing and amount of estimated future production, costs of production, capital expenditures; estimates of expected sales volumes and associated operating and capital costs for its gold and antimony production; costs and timing for the development of new deposits; success of exploration activities and environmental permitting timelines. This ESG report contains forward-looking statements about the Corporation’s sustainability strategy and vision, possible or future events, statements with respect to possible or future events, estimations and the realization of such estimates (including but not limited to associated timing, amounts and costs), expected expenditures and activities, timelines, requirements for additional capital, government regulation, legal proceedings, environmental risks, unanticipated reclamation expenses, and title disputes or claims with respect to management’s beliefs, expectations, anticipations, estimates and intentions. These forward-looking statements are based on current expectations and various factors and assumptions. Accordingly, these statements entail various risks and uncertainties.

The material factors and assumptions that were applied in making the forward-looking statements in this ESG report include, among others: execution of the Corporation’s existing

production, capital, and/or exploration plans for each of its properties, which may change due to changes in the views of the Corporation or if new information arises which may make it prudent to change such plans or programs; the accuracy of current interpretation of drill and other exploration results or new information or interpretation of existing information which may result in changes in the Corporation’s expectations; and the Corporation’s ability to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet demand.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this ESG report describe management’s expectations as at the date of this ESG report.
- Readers are cautioned not to place undue reliance on these statements as the Corporation’s actual results may differ materially from its expectations as unknown risks or uncertainties may affect its business or estimates or assumptions may prove to be inaccurate. Therefore, no assurance can be provided that forward-looking statements will materialize.
- The Corporation assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or for any other reason, except as may otherwise be required pursuant to applicable laws.

For a description of material factors that could cause actual results to differ materially from the forward-looking statements in this ESG report, see “Risk Factors” in the Corporation’s annual information form for the year ended December 31, 2023.

# Contact

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