

COMMUNITIES

THE COMMUNITIES IN WHICH WE OPERATE VALUE OUR PRESENCE

COMMUNITY

Ensuring that Mandalay contributes value to its communities and countries and that these contributions are appreciated by those communities is necessary to our ongoing success. Our communication, engagement, and support efforts in this arena are cumulative and continuous.

Mandalay Resources commits to be an effective community partner, ensuring transparent, positive and ongoing conversations with community members are about our operations and future plans.

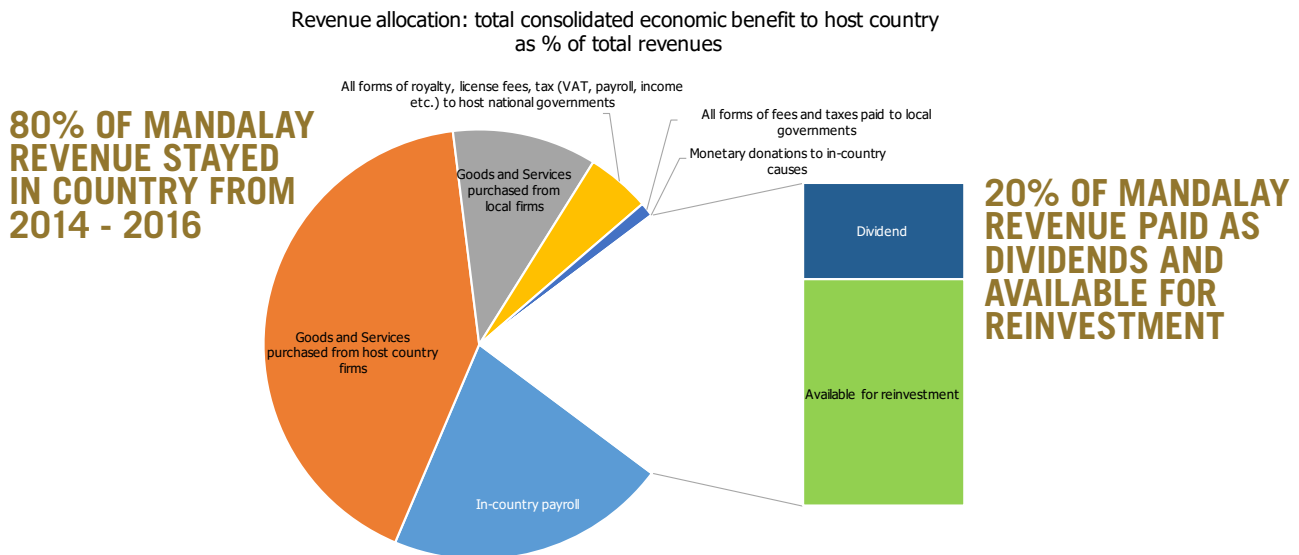
Community engagement consists of three pillars:

- Ensuring economic benefits to the community and country are appropriate, consistent with law, well-understood and predictable;
- Ensuring we act and are perceived as a community partner throughout the entire life and development of the mine; and
- Allocating time and resources periodically to ask community members what they think about our presence in their community and responding clearly.

A summary of this three pillar approach is provided:

Economic impact

A high percentage of revenues generated stays in-country. In 2016, on a consolidated basis, 84% of Mandalay revenues remained in-country as payroll and purchases of goods and services. In each of the last three years, Mandalay in-country spending has totaled approximately \$108 - \$145 million per year on in-country payroll and goods and services purchased from the mine site's country, as shown in the chart below. From 2014 - 2016, for every \$5 of revenue generated in-country, approximately \$3 was spent on local goods and services.



Starting in 2016, Mandalay has complied with new regulation pertaining to the ESTMA, the Extractive Sector Transparency Measure Act. This legislation requires Mandalay to track and publicly disclose payments to governments. A summary of our payments is below:

Payments Jan-16 to December-16						
Country	Company	Payee	Payment Category	Local currency	Payment Amount (local currency)	Payment Amount (CAD\$)
Australia	Costerfield	Australian Taxation Office	Fringe Benefits Tax	AUD	297,999	289,264
Australia	Costerfield	Australian Taxation Office	Income taxes	AUD	3,305,619	3,208,716
Australia	Costerfield	Australian Taxation Office	MRA - GST/Withholding	AUD	76,993	74,736
Australia	Costerfield	State Revenue Office	Payroll Tax	AUD	1,087,543	1,120,386
Australia	Costerfield	Development, Jobs, Transport & Resources	Royalty	AUD	798,518	822,633
Australia	Costerfield	State Revenue Office	Land Tax	AUD	20,253	20,865
Chile	Cerro Bayo	Municipalidad Chile Chico	Council taxes	CLP	358,536,380	720,662
Chile	Cerro Bayo	Tesorería General de la República	Mining licenses fees	CLP	150,946,380	303,404
Chile	Challacollo	Tesorería General de la República	Mining licenses fees	CLP	49,928,418	100,357
Chile	Mandalay Limitada	Tesorería General de la República	Mining licenses fees	CLP		-
Chile	Cerro Bayo	Tesorería General de la República	Income taxes	CLP	625,698,245	1,257,660
Sweden	Bjorkdal	Swedish tax authorities	Income taxes	SEK	10,374,116	1,533,294
Sweden	Bjorkdal	Bergstaten	Mining licenses fees	SEK	490,000	72,422
Sweden	Bjorkdal	Skellefteå kommun	Environmental fees	SEK	168,577	24,916
Canada	Lupin	Government of Canada	Mining/Surface/Water license fees	CAD	100,590	100,590
Canada	Lupin	Receiver General in Canada	Letter of Credit fees	CAD	153,000	153,000
Total						\$ 9,802,903

This represents approximately 5% of revenues in 2016.

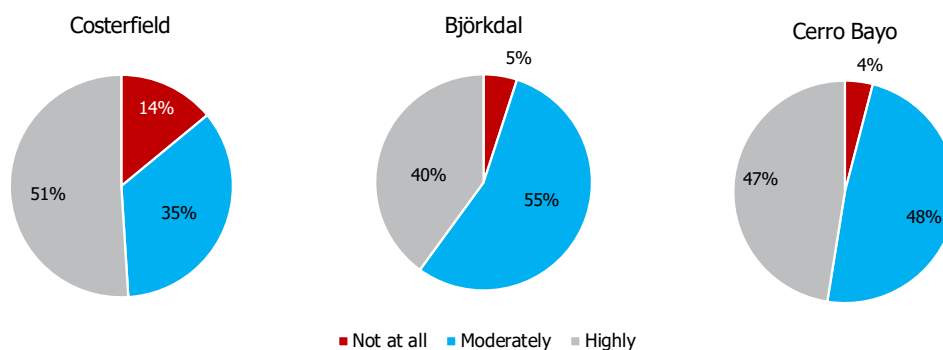
In addition, Mandalay has developed Community Action Plan guidelines so that we have a common and shared context to engage meaningfully with the members of our community. Our goal is to provide a framework to ensure we meet our vision to operate safely, in an environmentally responsible manner, while developing a high level of community and employee engagement.

Click [here](#) to view our 20-point site-level Community Action Plan.

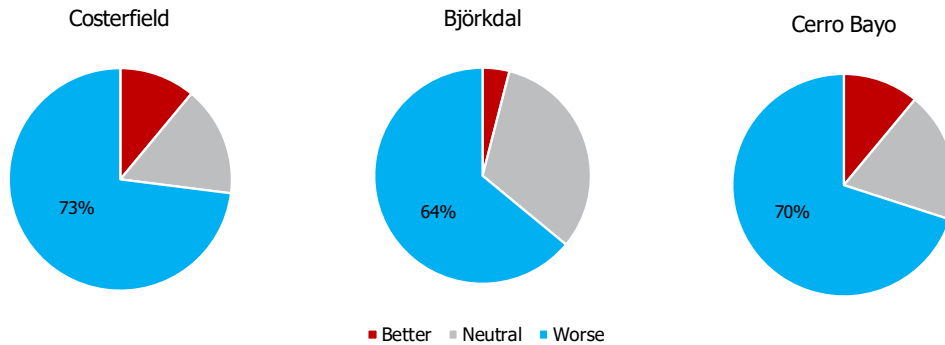
Community surveys

With 153 community residents completing a survey in three regions across the globe, we are pleased with the initial results obtained from the surveys. Overall survey results collected from residents indicate that respondents value Mandalay in the community and believe that they would be largely worse off without the mine's presence in the community. Respondents also stated that they personally experienced more positive impacts than negative impacts from the mine site. Of the positive impacts experienced from a list of 16 items, employment was ranked 1st at each site - despite the fact that most respondents were not affiliated with the mine through employment. Current efforts are focused on generating more impactful enrollment of those who believe we are only a moderately valued member or not a valued member of the community.

To what degree do you value the mine's presence in your community?



Do you believe the community would be worse off, neutral, or better off if the mine was not there?



Community members indicated they personally experienced more positive impacts than negative ones. Of those positive impacts, employment ranks first in all cases and community sponsorship ranks first or second; indicating clear recognition for what counts as a positive action taken. Of the negative impacts experienced in our communities, the three highest ranked negative impacts are as follows by site:

Costerfield

- Increased volume of traffic
- Blast vibrations
- Water quality

Björkdal

- Deterioration of air quality from dust
- Deterioration of heritage sites
- Deterioration of air quality from vehicle emissions

Cerro Bayo

- Increased cost of living
- Increased safety incidents
- Increased speed of traffic

In 2017, commitments include managing the issues above, so that community programming is developed around known risks and known perceived negative impacts. Each mine site is reviewing its own survey results and will formulate an improved engagement plan for 2017.

Please see a summary of suggestions [here](#).

Community partnerships

We conclude from these results that being an active contributor is more than sponsorship; it requires day-to-day understanding of what the community is concerned about, how individuals respond to our operations and development strategy, and who Mandalay must enroll as supporters.

Please see attached links to case studies of direct community engagement:

- [Costerfield](#)
- [Cerro Bayo](#)
- [Björkdal](#)