

CUSTOMERS

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It is vital for Mandalay to maintain a diversified set of customers who are delighted with, and compete for, our products.

Mandalay produces a variety of metal-containing concentrates for our customers worldwide. Overall, as we have grown to three operations, we have grown the total number of customers buying our products. At each site, we focus on producing concentrate with the highest metal content we can, which reduces concentrate shipping charges for us and improves the smelter payouts to us. As well, by adding gravity gold production at Costerfield, and by acquiring

Björkdal, which produces a large proportion of its gold as gravity concentrate, we have grown the proportion of our product sold in high-value gravity concentrates relative to lower-value sulfide concentrates.

The chart below illustrates that as we have grown our customer base from four in 2011 to 11 in 2016, we have reduced our commercial charges by almost \$150 per ounce gold equivalent, or approximately 50%.

