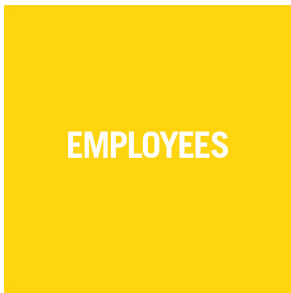


EMPLOYEES

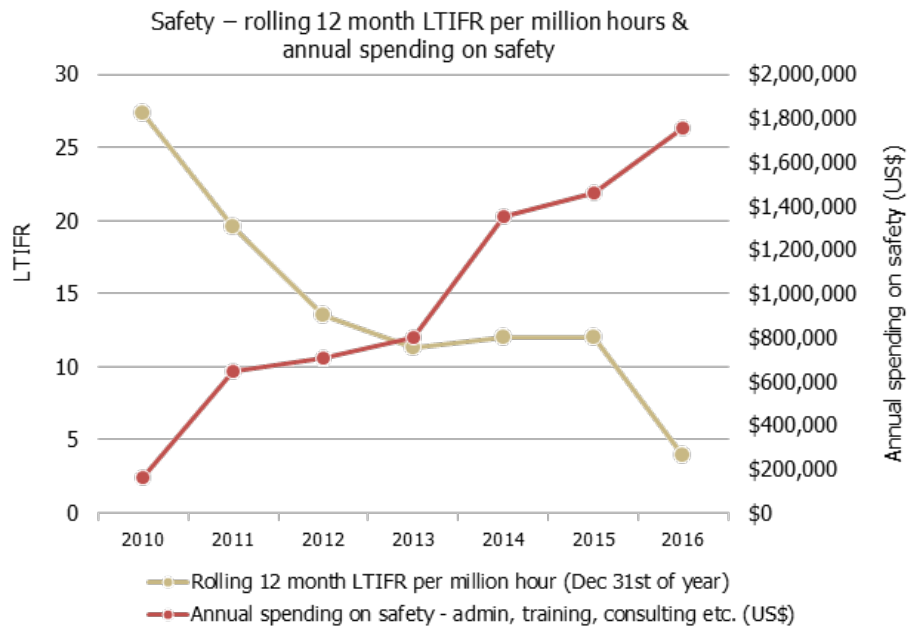
OUR EMPLOYEES LIVE AND WORK SAFELY AND EXPERIENCE THE PERSONAL SATISFACTION THAT COMES WITH HIGH PERFORMANCE AND RECOGNITION



Safety

Safety is paramount in all our decisions and actions. We proactively protect people and property and we believe safety is a reflection of a Company's commitment to both its people and to operational best practice. Safety performance is a leading indicator of operational turnaround.

Since 2010, Mandalay's commitment to the development of a safety culture at all of our mines sites has resulted in a significant and continuing reduction of our lost time injury frequency rate ("LTIFR"). This is a result of an ongoing investment in safety at all our sites.



We deeply regret the loss of a mining contractor at the Cerro Bayo mine, who was fatally injured on September 11, 2016. This event reminds us of the conscious effort required to manage safety on site at all times, with every job, and that we are accountable for the safety of our contractors as well as our employees.

Mandalay tracks near misses, safety notices resulting from regulatory inspections, hours lost due to sickness, and spending on workplace health. Current areas of focus include workplace health at Cerro Bayo - specifically managing the rise in absenteeism at Cerro Bayo. Absenteeism at Cerro Bayo experienced an increase during 2016, as a result of accumulation of employees with long-term illnesses due to the maturity of the workforce.

During 2016, Mandalay surveyed its employees to investigate the degree to which our employees live and work safely as well as experience recognition and satisfaction. The survey indicated room for improvement in how safety is perceived and practiced at our sites. All sites will be reviewing safety practices to identify why and how individual employees sometimes feel unsafe, leading to an improvement action plan later in 2017. Mandalay recognizes that to be successful, we need to have a well-defined and transparent means to resolve employee concerns, including safety-related concerns.

Performance Training and Education

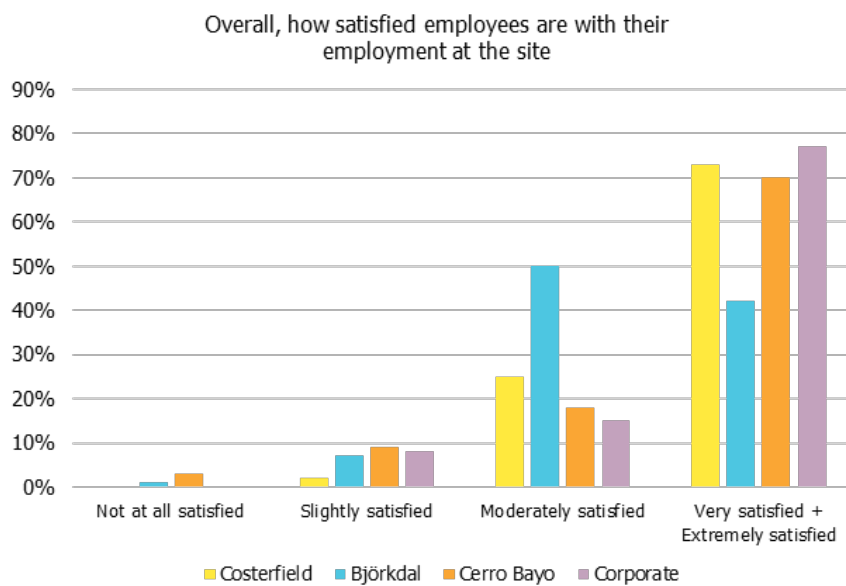
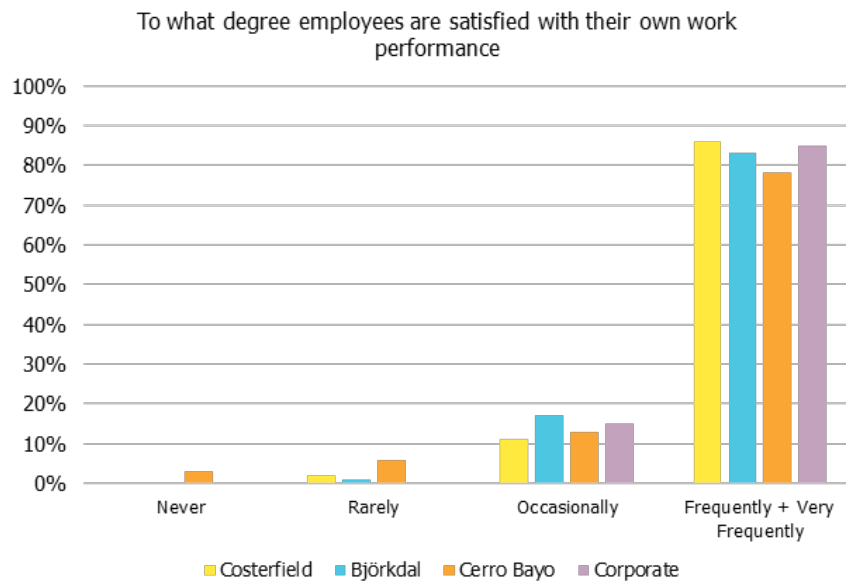
Mandalay nearly tripled its investment in employee non-safety training hours in 2016 versus 2015. New initiatives were focused on leadership training at Björkdal.

In 2016, the Company spent \$521,831 and a total of 95,980 employee-hours on internal non-safety training. Please see the chart below to see the Company’s training and education spending and hours since 2010.



Spending on external employee education/development (\$USD)							
	2010	2011	2012	2013	2014	2015	2016
Mandalay	\$ 45,000	\$ 116,500	\$ 280,400	\$ 203,669	\$ 105,696	\$ 174,059	\$ 465,165

As shown in the following graphs below, Mandalay’s employee survey indicated that across all sites, employees are satisfied with their personal performance and employment on site.



Current areas of focus at Mandalay are the recognition of high performance and direct supervisor support of employee performance. Training for executives and supervisors on improving performance coaching and recognition are being planned for implementation in 2017.