
LIVING OUR VALUES

2016



Mandalay is a values focused organization. We are dispersed across time zones, distance, languages and cultures. To keep our organization aligned, we rely on a common set of values to guide our decisions. These values of safety, integrity, responsibility, performance and innovation, agility, and value creation are the elements that come together in the day-to-day decision making of our people to drive our success.

At Mandalay, living our values creates an inclusive and dynamic approach to doing business, and by measuring our success from the perspective of our various stakeholders, we hold ourselves accountable as leaders, managers and members of a team, both local and global.

In 2016, by asking our employee, community and investor stakeholders how they perceive Mandalay, we developed a comprehensive picture that has enabled us to refresh and renew our most important strategic priorities based on what people are telling us is important to them.

We are successful when:

Our employees live and work safely and experience the personal satisfaction that comes with high performance and recognition.

The communities in which we operate value our presence.

Our environmental impact is minimized and causes no permanent harm.

We have a large, diversified set of customers who are delighted with and compete for our products.

Our shareholders realize a superior total return on their investment and support our corporate values.

**COMMUNITY RESIDENT FROM
COSTERFIELD AREA: "FOSTER
COMMUNITY COHESION. IF
THIS WORKS EVERYTHING ELSE
FALLS INTO PLACE."**

We asked our 758 employees (at the time of the survey) detailed questions about their experience working for the company; 631 responded. This high response provided meaningful and actionable feedback. It specifically highlighted our performance with respect to our first key success factor: living and working safely and experiencing the personal satisfaction that comes with high performance and recognition.

A SIGNIFICANT PROPORTION OF COMMUNITY MEMBERS BELIEVE THEY WOULD BE WORSE OFF WITHOUT THE MINE OPERATING IN THE AREA.

We also surveyed our community members about our presence in the community. 153 residents across all three of our communities completed a detailed survey. Going forward, we can now focus our community relations efforts around targeted issues and perceived negative and positive impacts.

Finally, we asked our shareholders about whether they share our values and are achieving a superior rate of return. Overall, we are pleased to present a picture of Mandalay from the perspectives of our major stakeholders as reported by the results of the surveys:

Employee Survey:

- We have a strong base now: Our values are largely familiar to our employees and they are largely demonstrated by their direct supervisors;
- Our employees are satisfied with their personal performance and employment on site – with room for improvement;
- We obtained high participation for the employee survey and extensive written comments on what we can do to be better – particularly at Cerro Bayo;
- Our teams are responding to specific observations of employees at each site with commitments in 2017 that will address emerging issues. Areas we have identified for improvement include:
 - Safety: identifying precisely where and how employees feel unsafe in their day-to-day work, with a remedial action plan due in the first half of 2017.
 - Communications about operational performance to ensure sufficient context and awareness of mine plans and overall operational goals.
 - Supervisor training on issue resolution processes and specific training on dealing with concerns about policy violations.
 - Supervisor training on employee recognition for high performance.
- Development of performance metrics that better align an employee’s work with strategic objectives.

EMPLOYEES ARE GENERALLY SATISFIED WITH THEIR WORK AND WITH THEIR EMPLOYMENT AT SITE.

Community Survey:

- We are a valued member of the communities in which we operate;
- Residents largely believe they would be worse off without the mine’s presence in the community; and
- Residents personally experienced more positive impacts than negative impacts from the mine site; of the positive impacts experienced, employment was ranked 1st at each site – even with most respondents not being employees;

Community members overall stated they experienced positive impacts from the mine’s presence in their community; this is a positive and strong show of support for our operations. Of the

positive impacts, employment ranks first in all cases, with community sponsorships ranking first or second due to significant visibility of our community programs. Of the negative impacts experienced, this is site specific. We recognize we have work to do to manage where possible the negative impacts across our sites. Each site has areas of focus including: managing volume of traffic, managing water quality from the evaporation facility, dust control and monitoring air quality.

**86% TO 96% OF
COMMUNITY MEMBERS
VALUE OUR PRESENCE IN
THEIR COMMUNITY**

In addition, our survey provided feedback on how we can improve communications, noting that we are perceived as proactive in our communications at two sites and more reactive at another site.

Our goal is to improve the frequency of communications at all sites and the quality of the information provided, such as more information on our operations, plans for the future and economic contribution to the community, region and to the country.

Community members provided many ideas on future community projects: at Costerfield educating residents on water quality and water management were topical, at Björkdal sustaining the environment looking at quality of water issues , improving roads as well as ongoing employment, and information on production and exploration plans are all considered as important topics. At Cerro Bayo where improving health care is most recognized as a positive action taken by the mine site, supporting educational initiatives ranks high, as well as projects on education and environmental issues rank high.

**MAJORITY OF COMMUNITY MEMBERS
FEEL MANDALAY HAS RESPONDED
WELL TO COMMUNITY RAISED ISSUES**

This list is a short list of well over a hundred ideas provided by community residents. The surveys provided plenty of actionable ideas...ranging from suggestions for community sponsorships, to requests to be mindful of family dynamics. Our role is to listen to our employees, community members and shareholders and adapt that thinking into our decision making and plans. Going into 2017, our leadership team is committed to engaging a high performance, values-based culture for internal growth and development.

We begin 2017 with renewed focus on what we are doing well and on where we can do better. We encourage readers to look at our report with detail on the themes in this letter, and provide us with feedback. We look forward to more engagement throughout the year with all our stakeholders, employees, community residents, government representatives and investors.

