

LIVING OUR VALUES



**MANDALAY
RESOURCES**

Corporate
Responsibility
July 2014

OUR VALUES

SAFETY

Safety is paramount in all our decisions and actions, proactively protecting people and property

INTEGRITY

We are our word; we honor our commitments, abide by applicable laws and live by high ethical standards

RESPONSIBILITY

We are responsible for our actions and their consequences, operating with social and environmental responsibility and promoting sustainable development

EXCELLENT PERFORMANCE & INNOVATION

We promote excellence in everything we do, creating an environment where ideas and innovative methods to improve our processes and results are encouraged

VALUE CREATION

We seek and seize every opportunity to create more value with our resources

AGILITY

We seek out new opportunities and rapidly respond to new challenges

we are successful when:

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

Our shareholders are realizing a superior total return on their investment and support our corporate values

The communities in which we operate value our presence

Our environmental impact is minimized and causes no permanent harm



Mandalay Resources' mission is to build a values-based and value-focused organization that is founded on safe and efficient work practices, continuous improvement, fiscal responsibility, and effective community relationships.



Mandalay's Corporate Social Responsibility Program in development consists of:

1) A series of employee, community, and governmental engagements to detail our values and ask for feedback on the degree to which they perceive that we are operating in accordance with those values. 2) Establishing an evolving set of measures and tools that will indicate the degree to which success factors are being attained, and provide a predictable and well understood process for both. 3) Recognizing ways in which we can efficiently use our resources to increase the degree to which the success factors are attained. 4) Putting our resources behind the selected methods and tools, and measuring and monitoring our progress. 5) Supporting our mining operational teams in how they can best engage with the community on an ongoing basis.

Mandalay is committed to:

Open and honest communication with community members, and listening to all community members' concerns, and being responsive to both positive and negative feedback; and

Operating all mines safely without causing any potentially harmful environmental issues. If an issue is proven to have arisen that is potentially harmful, then we will immediately take steps to correct it.

Key aspects of our process to improve and develop our Corporate Social Responsibility program include:

- Identification of facts and issues prior to decision-making. A focus on data collection and external support as needed
- Assessment of issues, gap analysis and prioritization. Corrective action if necessary
- Predictable, disclosed, and transparent implementation
- Ongoing monitoring and measurement of identified success factors
- Communication to all stakeholders of our process and outcomes

CERRO BAYO, CHILE



Cerro Bayo Project Description

The Cerro Bayo silver-gold mine is located in Aysen, Chile, Region XI. The mine is 100% owned by Mandalay and comprises 23,106 hectares (“ha”) of exploitation concessions and 4,700 ha of exploration concessions. The operation consists of three underground mines accessing five veins, all feeding a single processing plant. The operation employs 453 individuals and 92 contractors and generates all its own power.

The operation is 12 km west of the town of Chile Chico, which has a population of 4,627 (2012), and 130 km from Coyhaique, the capital of Aysen province. The mine is the biggest employer in Aysen and also the biggest exporter using road and ferry to transport its product to the port of Chacabuco. The Company employs an all-Latin workforce.

Mandalay Case Study

Mandalay is highly committed to supporting the education system of the community. This program includes five initiatives: Providing school supplies, University scholarships to children of Cerro Bayo workers, University scholarships to community students, University scholarships for young athletes, and professional development and training of students at Cerro Bayo.

To read more about Mandalay’s commitment and contribution to local education, follow this link: www.mandalayresources.com/corporate-responsibility/#Case_Studies

Community Perception and Outreach Survey

Mandalay surveyed 99 members of communities living near the Cerro Bayo operation in the fourth quarter of 2013 with the following objectives:

- Evaluate stakeholders’ perceptions of the Company’s mining and processing operations in relation to the Mandalay Resources Corporation Charter and values (found on pages 1 and 2 of this document)
- Identify issues and concerns
- Examine stakeholders’ perceptions on how Mandalay performs in relation to key community values
- Consider recommendations for improving community engagement, understanding and support of Mandalay’s activities

Key Findings

Overall the Cerro Bayo community survey confirmed that Mandalay’s presence in the area was highly valued, primarily in relation to employment, contribution to the local economy and community sponsorship. There was also a high level of awareness of community relations efforts in relation to sponsorship programs and environment. Traffic at key hours, dust at site, and mine rehabilitation plans were identified as key community issues for the Company at Cerro Bayo.

CHALLACOLLO, CHILE



Cerro Bayo fact centre (2013 figures)

In-country payroll: US\$17,156,000

Goods and services purchased: US\$41,000,000

Total number of jobs provided: 545

Daily attendance rate (avg.): 98%

12 month LTIFR*: 10.2

Person-shifts lost due to LTIFR*: 365.00

Environmental footprint: Approx. 500 ha

Environmental spending: US\$423,000

Safety spending: US\$563,000

*LTIFR: Lost Time Injury Frequency Rate

For more information about Mandalay's local sponsorship and sponsored events, please visit: www.mandalayresources.com/corporate-responsibility/

Challacollo Project Description

The Company's wholly-owned Challacollo silver-gold mine is located in Region I of Chile, approximately 130 km southeast of Iquique. The nearest major town is Pica, which has a population of 6,178 (2002), and is an agricultural town. Located nearby are the major copper porphyry mines of Cerro Colorado, Collahuasi, and Quebrada Blanca. The project was acquired by Mandalay in February 2014 from Silver Standard Resources Inc. The Company is moving forward with a feasibility study and filing for all permits required for construction and operations. This process begins with the collection of critical baseline data to identify and understand all of the assets in the exploitation area and the surroundings, including environmental, heritage, cultural, and other assets important to the potential development of a mine in the region. The Company expects to have completed the feasibility study by February 2015 and submitted the permit applications by March 2015.

As of the date of this brochure, Challacollo is in the early stages of the baseline study, and will be engaging with local communities at every step of the process. Surveying and benchmarking establishes the knowledge base to shape and support discussion and make decisions on mine planning that respect local values and concerns.

To follow the Company's progress on Challacollo, please visit: www.mandalayresources.com/properties/challacollo/

COSTERFIELD, AUSTRALIA



Costerfield Project Description

Mandalay Resources' wholly-owned Costerfield gold-antimony mine is located in Costerfield in Central Victoria, Australia, approximately 10 km northeast of Heathcote (pop. 2,689, (2006)), 50 km southeast of the city of Bendigo (pop. 82,794 (2011)) and 100 km northwest of Melbourne, Victoria. The Costerfield property totals 7,540.78 ha, of which 1,219 ha are held as the main mining license and the balance is held as two exploration licences. The Company purchased the mine from Western Canadian Coal in late 2009. The Costerfield mine is fully permitted and operates year-round, employing 195 workers and 24 contractors. The workforce is entirely local, with no fly-in/fly-out, and lives anywhere from Heathcote to Bendigo and Ballarat.

Costerfield Community Survey – Key Findings

In 2013, 51 surveys were completed in the Costerfield and Heathcote areas.

Overall, community members surveyed confirmed that Mandalay Resources' presence in the Costerfield/Heathcote area was valued, primarily in relation to employment, contribution to local economy and community sponsorship. Traffic, noise and dust around the site were identified as the key issues for the community, with pumping and disposition of excess groundwater being identified as important.

74% of respondents believed that the local community benefitted from Mandalay's activities.

47% of respondents indicated that Mandalay's activity had no impact on their life, while 37% indicated that traffic caused by Mandalay's activities had affected their life, followed by noise (22%) and dust (22%).

14% of respondents indicated that Mandalay's activities had decreased their satisfaction with living in the area.

The survey indicated that there is scope to reduce the impact of the mine on the community and improve community appreciation of our efforts.

Mandalay notes that the entire Costerfield area is geologically highly endowed with antimony and gold, which is why there is a long history of antimony and gold mining there. There are many potential sources of antimony-containing dust in the natural soils and outcrops, and historical rock storage and tailings facilities from mining operations that are as much as 150 years old. Current operating practice includes extensive steps to minimize the generation and migration of dust from underground mining operations, surface ore haulage, and crusher dust from leaving the site.

More information on the Costerfield mine and our key issues at the site can be found here:

www.mandalayresources.com/corporate-responsibility/



Costerfield Community Days

In 2012, Costerfield held its first community open day that was attended by 400 people including residents, employees and their families. The local fire brigade and State Emergency Service had their trucks on display alongside the mine's jumbo and loaders. The miners showed off their skills with an air leg demonstration and everyone enjoyed panning for gold. There were tours of the underground mine and processing plant, presentations and a BBQ. While the children enjoyed the games, some of the older residents shared their memories from when their fathers and grandfathers worked in the local mines.

To read more about Mandalay's community involvement at Costerfield, please click here: www.mandalayresources.com/corporate-responsibility/#Case_Studies

Costerfield fact centre (2013 figures)

- In-country payroll: A\$21,598,468**
- Goods and services purchased: A\$33,477,977**
- Total number of jobs provided: 219**
- Daily attendance rate (avg.): 98%**
- 12 month LTIFR*: 13.4**
- Person-shifts lost due to LTIFR*: 124.00**
- Environmental footprint: Approx. 36 ha**
- Environmental spending: A\$1,501,644**
- Safety spending: A\$291,271**

*LTIFR: Lost Time Injury Frequency Rate



**MANDALAY
RESOURCES**



Delivering Growth // Discovering Value

To access Mandalay's charters
and policies, please visit:
www.mandalayresources.com

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* This Corporate Responsibility brochure was created after the Company announced its intention to acquire Elgin Mining and its Björkdal mine in Northern Sweden. The acquisition had yet to close at the time of printing.

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The Mark of
responsible forestry