



MANDALAY RESOURCES CORPORATION

REPORT ON PRACTICES TO PREVENT MODERN SLAVERY

Mandalay has and will continue to be clearly opposed to modern slavery in all its forms. Mandalay continues to ensure that no employee within Mandalay, or any of its subsidiaries or affiliates, is subject to any form of modern slavery. We have processes in place to ensure we do not use forced, bonded or child labour. Our terms and conditions of employment are based on the highest ethical standards and our employees are free to terminate their employment on reasonable notice in compliance with local labour laws.

In addition, we insist that our direct suppliers are not associated with modern slavery and commit to proper due diligence, to performing random supplier audits and to examining the full supply chain to mitigate any potential risks associated with modern slavery activities. Mandalay stands by Anti-Slavery International's definition of modern slavery and agrees that an individual should not be tricked, coerced, or forced, be it for personal or commercial gain.

ABOUT THIS REPORT

Mandalay Resources Corporation (**Mandalay** or the **Company**) has prepared this Fighting Against Forced Labour and Child Labour in Supply Chains Report (the **Report**) in accordance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act (S.C. 2023)* (the **Act**) for the financial year ended December 31, 2023. This is a joint report made under section 11 of the Act on behalf of Mandalay and all its subsidiaries listed in "About our business". The Report sets out the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the Company.

This Report describes the steps taken by Mandalay to assess and address Mandalay's risks with respect to forced labour and child labour (**Modern Slavery Risks**). In this Report, unless otherwise stated, references to "**Mandalay**", the "**Company**", "**we**", "**us**", "**our**" and similar expressions refer to Mandalay Resources Corporation.

ABOUT OUR BUSINESS

Mandalay is a Canadian-based natural resource company with producing assets in Australia (Costerfield gold-antimony mine) and Sweden (Björkdal gold mine). Mandalay is committed to operating safely and in an environmentally responsible manner, while developing a high level of community and employee engagement.

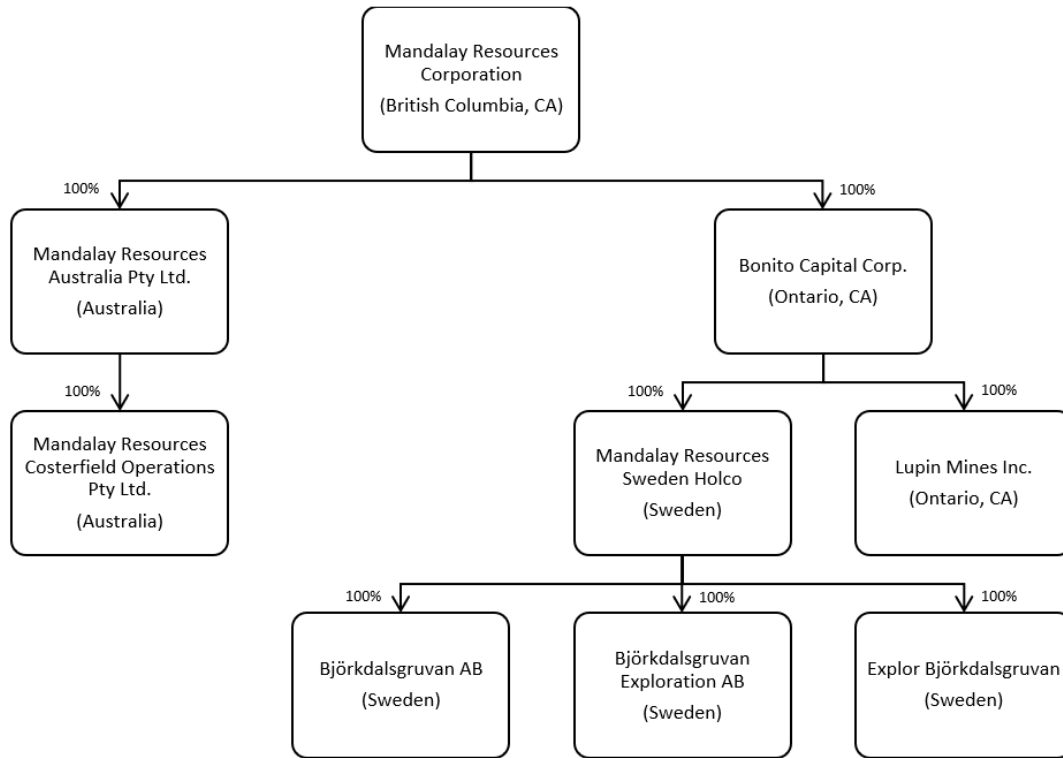
Mandalay's mission is to create shareholder value through the profitable operation and regional exploration programs, at both its Costerfield and Björkdal operations. Currently, the Company's main objectives are to continue mining the high-grade Youle and Shepherd veins at Costerfield, and to extend Mineral Reserves. At Björkdal, the Company will aim to increase production from the Eastern Extension area and other higher-grade areas in the coming years, in order to increase profitable production from its operations.

As at December 31, 2023, the Corporation had a total of 477 employees and 127 contractors, as further described in the chart below.

	Employees	Contractors	Total
Corporate	8	5	13
Björkdal	245	73	318
Costerfield	224	49	273
Total	477	127	604

STRUCTURE

The following chart illustrates the structure of the Corporation as at the date of this Modern Slavery Report. The chart shows the jurisdiction of incorporation of each active subsidiary and the percentage of voting securities beneficially owned by the Corporation or over which the Corporation has control or direction.



Mandalay Resources Australia Pty (**MRA**) is a private Australian Corporation that operates the Costerfield mine in Australia and was acquired by Mandalay on December 1, 2009. MRA owns 100% of the voting securities of its sole subsidiary, Mandalay Resources Costerfield Operations Pty.

Mandalay acquired all the issued and outstanding shares of Elgin Mining Inc. on September 10, 2014, which owns 100% of the voting securities of its subsidiary, Bonito Capital Corp. (**Bonito**). Bonito directly owns 100% of Lupin Mines Incorporated, which owns mining interests in Nunavut, Canada. Bonito also directly owns Mandalay Resources Sweden Holco AB, which was incorporated in 2015 and is governed by the laws of Sweden. Mandalay Resources Sweden Holco directly owns Björkdalsgruvan, Björkdal Exploration AB and Explor Björkdalsgruvan AB. These entities are governed by the laws of Sweden. Björkdalsgruvan and Björkdal Exploration AB own and operate the Björkdal mine in Sweden. Explor Björkdalsgruvan AB was formed to hold the tenements for the Norrliiden Joint Venture signed on May 26, 2017.

GOVERNANCE

Mandalay’s Board of Directors oversees the Company’s approach to enterprise-wide risk management, which includes risks related to human rights. Each committee of the Board oversees risks within their functional area. Oversight of human rights risks, including Modern Slavery Risks, falls within the mandate of Mandalay’s Compensation, Corporate Governance and Nominating Committee (**CCGNC**).

Mandalay’s President and Chief Executive Officer (**CEO**), Executive Vice President and Chief Financial Officer (**CFO**) and Chief Operating Officer (**COO**) have ultimate responsibility for corporate risk identification and mitigation and to ensure all site level risks are identified and managed and communicated to the Board, including Modern Slavery Risks. The CEO, CFO and COO are assisted by the respective site General Managers (**GMs**), who are responsible for the management and governance of Modern Slavery Risks and compliance with applicable laws at the site level. Mandalay’s legal and procurement teams work together to identify, assess and manage Modern Slavery Risks in our supply chain. Similarly, the Company’s legal and human resources teams work together to identify, assess and manage Modern Slavery Risks in our workforce.

OVERVIEW OF OUR SUPPLY CHAIN

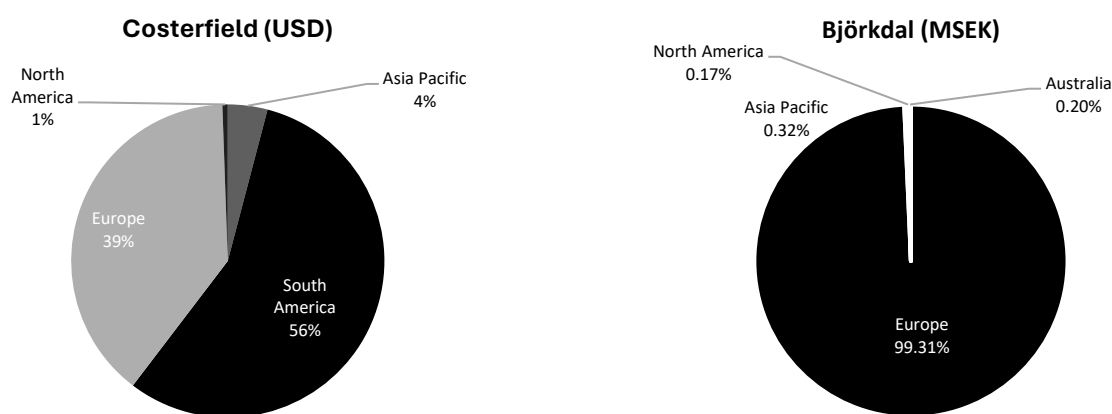
The vast majority of Mandalay’s procurement activities occur directly through a central procurement function at each of the operations. Mandalay procures a range of goods and services to support our exploration, mining, processing, transportation, and sustainability activities. A small portion of our procurement activities are handled out of the Toronto office to meet the requirements of Mandalay’s executive team.

The Supply Chain team is responsible for procurement governance, with local oversight by Costerfield’s and Björkdal’s GMs, and oversight by Mandalay’s EVP & CFO and Group Financial Controller at the corporate level.

Mandalay makes a conscious effort to procure supplies from local suppliers, for Costerfield in Central Victoria, Australia and Björkdal in Västerbotten region, Sweden. Where it is not possible to acquire from local suppliers, our sites engage a broader range of Australian and Swedish suppliers. In 2023, Mandalay engaged with 845 direct suppliers globally, 610 at Costerfield and 235 at Björkdal. Proudly, over 98% of Costerfield’s supplies are sourced from Australia and 87% of Björkdal’s suppliers are sourced from Sweden. A large portion of these suppliers are companies which Costerfield and Björkdal operations have been working with for many years. This increases the visibility of our supply chain to minimise the risk of modern slavery practices.

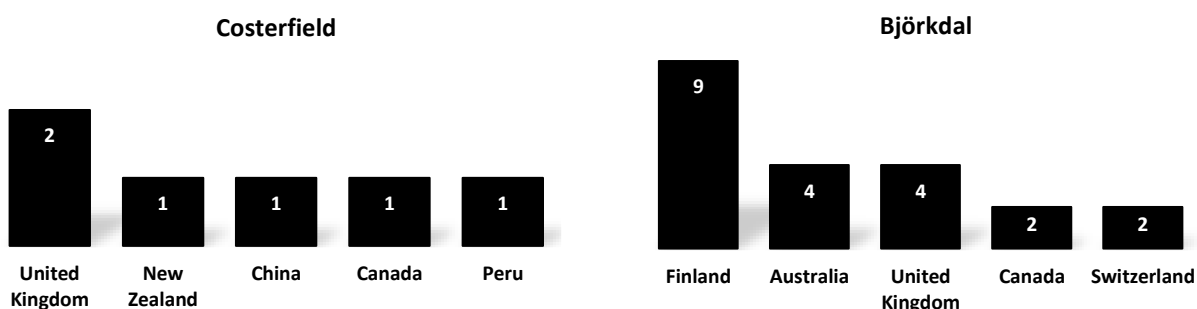
When measured by value, Mandalay’s total procurement expenditures were largely within Australia (98%) for Costerfield and Sweden (92%) for Björkdal in 2023, much of which was spent supporting local businesses and service providers. The remaining expenditure occurred internationally.

2023 Global procurement by spend



Mandalay did not spend any of its procurement expenditure with suppliers from one of the top ten countries reputed to have the highest prevalence of modern slavery, as per the [Walk Free, Global Slavery Index – Global Findings](#). Excluding Australia and Sweden respectively, Costerfield and Björkdal’s top five supplier countries based on spend were as follows:

2023 Top Five Supplier Countries





We recognise that modern slavery risks can occur in Australia, Sweden and overseas operations. Where an overseas supplier is used for the provision of goods or services, Costerfield and Björkdal aims to arrange face-to-face visits where practicable, to reduce the risks of modern slavery and have a clear oversight throughout the supply chain.

Due to the nature of our operations, our supply chain consists of a diverse range of products and services. Costerfield and Björkdal mainly procure goods required for mining, processing and exploration including explosives, ground support materials, fuel, reagents, grinding material and maintenance components for equipment (i.e. truck and loader parts). Costerfield and Björkdal mainly procures services locally for operations related activities, including drilling, earth works, dust suppression and energy generation.

OUR POLICIES AND DUE DILIGENCE PROCESSES

Mandalay's policies set out our commitment to acting lawfully, ethically and responsibly and define the Company's expectations of acceptable business practices. In all our contracts, we require that our business partners and suppliers within our supply chain agree to comply with Mandalay's standards and policies.

Together, the following policies form a framework of standards required of our Board of Directors, officers, employees, contractors and suppliers to ensure human rights are respected, and to identify and appropriately address Modern Slavery Risks in our operations and supply chains. These policies are reviewed by management and the Board annually.

Code of Conduct

All directors, officers, employees, consultants and contractors of the Company or any of its subsidiaries or affiliates must conduct themselves ethically and comply with the applicable laws, rules and regulations.

All employees review and sign off on the Code on a biennial basis. Companies are actively reminded of the need to report any corruption or bribery to management, or, by using the Company's Whistleblower hotline which is broadly available and disseminated at all sites.

Anti-Bribery

As per our Code of Conduct, bribing or corrupting others is unethical, illegal, and has significant consequences for the individual involved, as well as the Company and its reputation. The offer or acceptance of bribes and kickbacks in return for business or personal gain is strictly prohibited. Mandalay personnel are required to avoid offering or accepting such benefits or advantages, and to report any known occurrence of these activities to the Company.

Anti-Money Laundering

As per our Code of Conduct, money laundering is the process by which a person or entity conceals the existence of an illegal source of income and then disguises that income to make it appear legitimate. Money laundering is strictly prohibited at the Company. Mandalay personnel must always comply with laws regarding money laundering and take reasonable actions to ensure that new contractors and suppliers are legitimate business enterprises.

Modern Slavery

As per our Code of Conduct, Mandalay does not support any business using any form of modern slavery. Mandalay Group strives to use local employees, contractors and suppliers wherever possible. Mandalay has and will continue to take steps to ensure that no employee within the Mandalay Group is subject to any form of modern slavery. Mandalay will continue to take steps to ensure our direct suppliers are not associated with modern slavery and is committed to examining the full supply chain to eliminate risk associated with modern slavery.



Non-Discrimination and Harassment Policy

It aims to ensure that employees or workers at Mandalay are not subjected to discrimination, workplace harassment or bullying. Mandalay is committed to providing a safe work environment conducive to positive and effective workplace relations. Mandalay is committed to equal employment opportunity, fair treatment and non-discrimination for all existing and future employees and workers.

Whistleblower Policy

Mandalay is committed to maintaining the highest standards of business conduct and ethics and is governed by the Company Code of Business Conduct and Ethics and Timely Disclosure, Confidentiality and Insider Trading Policy. It is our policy to comply with and require our employees to comply with all applicable legal and regulatory requirements relating to corporate reporting and disclosure, accounting and auditing controls and procedures, securities compliance, internal accounting controls, and matters that potentially involve fraud against the Company. The internal controls and procedures at Mandalay are intended to prevent, deter and remedy any violation of the applicable laws and regulations. Even the best systems of control and procedures, however, cannot provide absolute safeguards against such violations. Mandalay has a responsibility to investigate and, if required, report violations to appropriate authorities.

POTENTIAL MODERN SLAVERY RISKS

OUR SUPPLY CHAIN

Our People

Mandalay assesses the modern slavery risks in its operations and supply chain by considering the product and/or service and how and where this product and/or service is procured. As our operations are heavily reliant on our workforce, our staff and contractors are diligently engaged and onboarded by the local human resource representatives (i.e. this function is maintained in-house).

Mandalay ensures all legal requirements are met in respect of the engagement of workers. To minimise the risk of modern slavery, Mandalay ensures:

- we abide to the local labour laws of age requirements and terms of employment.
- lawful working conditions for our employees. Within our workforce, our operations have a handful of workers hired on visas for specialty activities and subject to employment contracts that comply with local laws. All visa applications are overseen in-house with the assistance of an external immigration lawyer. We have assessed our hiring practices as low-risk due to these listed measures being in place.
- fair salaries as per the local benchmarking analysis.
- working hours our within the legal approved work shifts and overtime is within the limits stipulated by the local labour laws.

Our Suppliers

Mandalay is committed to protecting human rights throughout our entire supply chain, including indirect suppliers (i.e. the suppliers of its direct suppliers, and the source of components that form equipment and goods that we procure). Mandalay's direct suppliers are mainly based in Australia and Sweden and the risk of modern slavery within this supply chain is low. Throughout the future financial years, Mandalay plans to implement more stringent compliance processes to ensure all new on-boarded suppliers commit to addressing and minimising modern slavery risk in their operations and their supply chains.

Mandalay has identified the following risks of modern slavery practices in its supply chains.

- Where the operations are unable to source goods or services from local suppliers, they seek to obtain those goods or services from overseas. This inherently involves some risk as it is difficult to have complete transparency throughout a multi-tiered supply chain and when it comes to one-off purchases from unknown suppliers.
- Where the operations engage suppliers from a jurisdiction with a higher level of vulnerability, they seek to undertake additional due diligence on those suppliers. Costerfield also attempts to travel to meet any international suppliers when they are on-boarded.
- Costerfield acquires certain goods from one supplier in both China and Peru which have higher levels of vulnerability. Costerfield continues to work to ensure it reviews the risks of modern slavery in its operations and supply chain each new reporting period to provide the most up-to-date assessments of risk as far as possible when publishing future modern slavery statements.
- Both the operations have identified that the majority of their sourced goods are acquired from countries considered to have a low level of vulnerability, as per the Global Slavery Index. Majority of the suppliers are based locally in Australia for Costerfield and Sweden for Björkdal.
- Björkdal avoids governance risks such as lack of compliance with laws and regulations by not working with Tier 3 and below suppliers. A supplier follow-up document helps Björkdal increase visibility into their supply base by ranking and prioritizing their suppliers. This document also keeps track of their quality and working environment. Björkdal try to rule out any supply chain red flags or other bad conditions in the contract writing phase (e.g. by requiring staffing agreements etc.).

Internal Equipment

- Costerfield and Björkdal acknowledge that they provide electronics (including computers, laptops and mobile phones) to its employees. Both operations are reviewing its suppliers, and their supply chains to ensure any risks of modern slavery are mitigated, as the operations understand that there may be a higher risk of modern slavery in respect of such products. Both operations pay regular retail price and taxes in the home countries from our suppliers.
- Costerfield procures drilling and other equipment from an overseas supplier as this specialised equipment cannot be readily procured in Australia. Costerfield is conducting further due diligence enquiries in respect of this supplier in particular.

During the 12-month reporting period, we have continued to take steps to review our processes and to assess and address risks in our supply chain. We seek to reduce the prevalence of modern slavery in our operations and supply chain.

The actions being taken during the year ended December 31, 2023 are:

- introducing modern slavery requirements in our Occupational Health & Safety statement. Compliance with these requirements is assessed upon each on-boarding site visit to ensure our new suppliers meet our expectations;
- regularly reviewing our existing set of policies and procedures to ensure they articulate our expectations of our team and suppliers. This policy framework ensures that our team members and suppliers clearly

understand our expectations;

- continuing to provide a staff education program to increase employee awareness and engagement regarding modern slavery. In addition to raising awareness, the education program covers the fundamental governance principles which require adherence across all of our business operations and grievance procedures available to our employees. Each of our employees are required to participate in the training;
- continuing to target an education program for our suppliers in relation to modern slavery. This is distributed to our suppliers in written format who then pass this information onto their senior management. We also engage in one-on-one discussion with the suppliers to maintain a focus on their modern slavery practices;
- we continue to include modern slavery requirements in our supplier contracts. These specific clauses used to target modern slavery risks within our supply chain assist in safeguarding the human rights of workers;
- our online program for procurement has been updated to include acknowledgement of the Act and its requirements. Our prequalification questionnaire is designed to determine certain levels of risk prior to us engaging with a new supplier which now includes addressing risks related to modern slavery; and
- implementation of our updated purchase order terms and conditions which now include a modern slavery provision. The suppliers are now required to educate themselves and their employees (including sub-contractors) of requirements under the modern slavery legislation and comply with these obligations. The supplier is also required to promptly inform us of any modern slavery suspicions in their supply chain. This practice aims to hold the supplier accountable and raise awareness.
- we continue to work with the unions at Björkdal to have a collective agreement for our contractors that allows them to receive a fair salary and have fair working terms and conditions.
- we aim to use local suppliers with supplier visits before and after the collaboration begins. Most of our suppliers are located in countries that are a mining cluster, there is a great deal of competence in these area.

Remediation processes

Mandalay has the following remediation processes in place to address modern slavery concerns:

1. **Internal Assessment** - Team members from our procurement team and our sustainability team review all new suppliers in collaboration with other employees. In the instance a modern slavery risk is flagged, this is assessed further and reported to the GM of operations and the Chief Operating Officer. Mandalay is committed to ceasing any current or future business relationship with organisations that do not align with its modern slavery expectations and values.
2. **Notifications** - Mandalay ensures modern slavery concerns can be flagged by any stakeholder via our whistleblower hotlines. This is an accessible pathway to communicate any risks with our team. Mandalay approaches these notifications in a serious manner and investigates accordingly.

Mandalay's remediation processes demonstrate our commitment to managing any potential ethical issues in an appropriate manner, consistent with our values.



Training

Mandalay conducted mandatory internal training sessions at Costerfield for its supply chain team and human resource team based in Australia. The training materials were focused on increasing employee awareness and engagement regarding modern slavery. In addition to raising awareness, the education program covers the fundamental governance principles which require adherence across all of our business operations and grievance procedures available to our employees. Each of our Costerfield employees are required to participate in the training. A similar program will be devised at our Björkdal operation.

ASSESSING EFFECTIVENESS

As Mandalay continues the development of its program to prevent Modern Slavery Risks in 2024, it will consider and implement measures to assess the effectiveness of these processes.

OUR PLAN FOR 2024

Mandalay is committed to continuous improvement in all aspects of our business operations, and this extends to our commitment to take meaningful steps to identify and combat Modern Slavery Risks and maintain a responsible and transparent supply chain.

APPROVAL AND ATTESTATION

This Report was approved by the Board of Directors of Mandalay on May 28, 2024, on behalf of itself and the other Reporting Entity.

In my capacity as a Director of Mandalay and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

DATED at Toronto, Ontario this 28th day of May, 2024.

(signed) "Frazer Bouchier"

Frazer Bouchier

Director, President and Chief Executive Officer