



COSTERFIELD OPERATIONS

(A.C.N. 006 711 119)

Notice of an Application for a Retention Licence – RL007485

On 15 September 2020, Mandalay Resources Costerfield Operations Pty Ltd (“**Mandalay**”), lodged a Retention Licence Application (“**RL007485**”). On the 17th of September 2020, EL3310 expired and Retention Licence application, RL007485, of 3170.4 Ha was lodged in order to retain the licence area of EL3310, except for an area of National Park that will be excised, as indicated on the map below.

The area under application, is centred approximately 60km north from Melbourne, 15kms from Heathcote and centred around the small township of Costerfield.

Mandalay Resources prides itself in a successful underground mining operation since 2006.

The company has very much focused on establishing itself as an economic producer with the existing Augusta/Cuffley/Brunswick and Youle deposits. The strategy for the company to date, has involved channelling expenditure into expansion of near mine targets close to existing infrastructure.

Regional exploration has led to the discovery of the Youle Lode; which is now the primary ore source mined by Mandalay. The company is currently carrying out extensional and resource drilling on the Youle deposit, to extend the ‘**life of mine**’ (LOM). The company is very much focused on extending the LOM beyond the current mining schedule. To ensure a ‘future ore’ approach, the company is consequently applying for RL007485 to extend the current mining operation to the north and embark a more regional approach to exploration to the west of the existing operation in an area of known mineralisation.

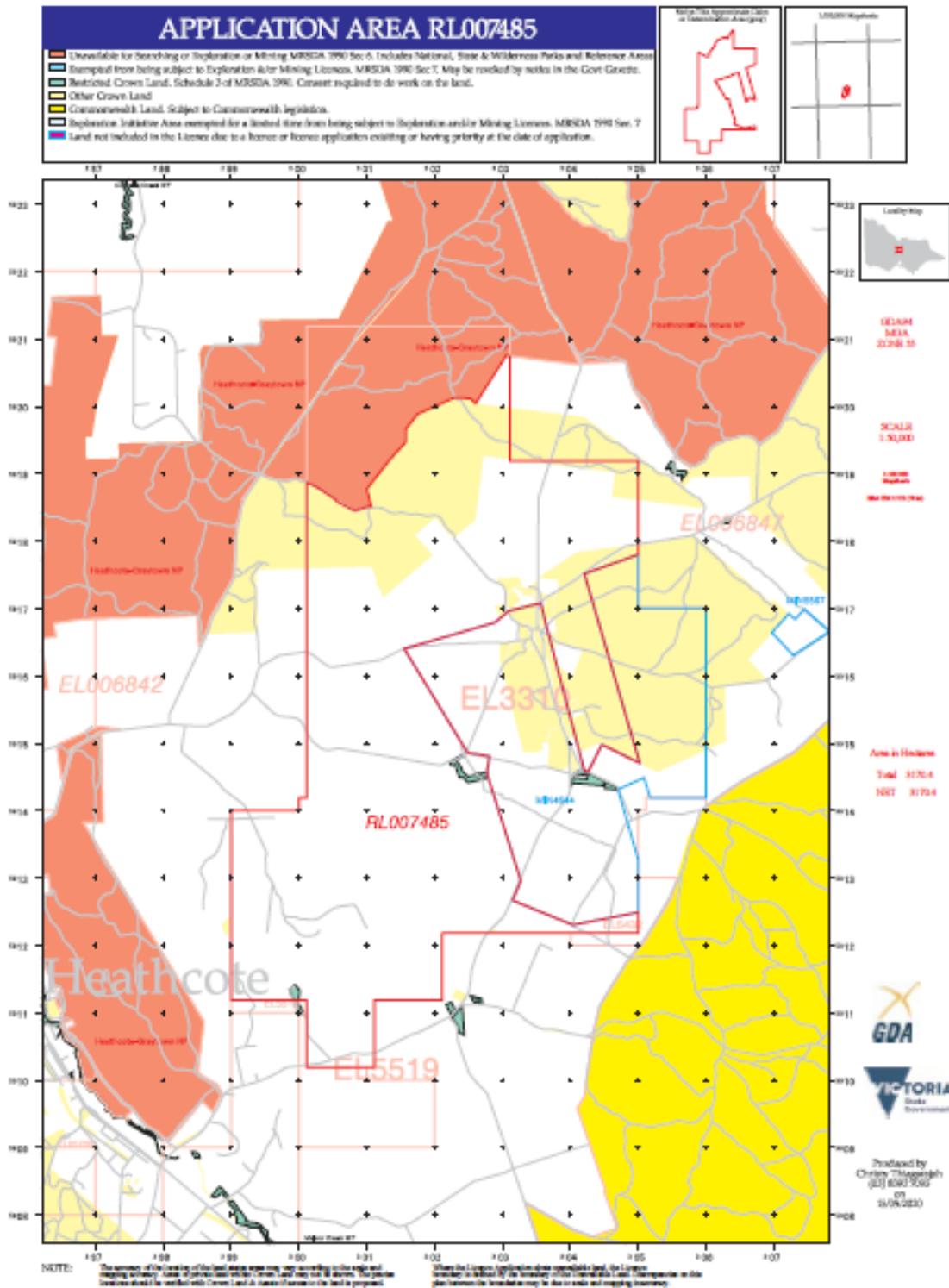


Figure 1. RL007485 Location Plan

CEO or Company Representative Statement

The company acknowledges the environmental, cultural and economic values of the Retention Licence area and will respect the rights held by Traditional Owners, private and public

landowners. The company is committed to engaging with the community, listening to community concerns and responding appropriately to community feedback; and seeks to be recognised as a valuable contributor to the community.

Mandalay has a deep understanding of the importance of engaging with the community, listening to community concerns and responding appropriately to community feedback and seeks for communities to value our presence.

Community Engagement

Mandalay Resources strives to improve company policy by investigating or creating best engagement practices. Mandalay Resources was the first company to form a “**Community Reference Sub-Committee**” (CRS) to work in conjunction with the “**Environmental Review Committee**” (ERC) to provide an avenue for better and more robust consultation with community members on exploration activities and mine operations. The CRS allows us to resolve issues or concerns before complaints are generated, and to assist Mandalay in their planning and decision making. The CRS have provided Mandalay with a letter, outlining their support and wishes for the company. Earth Resources regulators have acknowledged that the CRS represents best practice in community engagement and encourage other mining companies to form similar consultation groups.

The Mandalay Resources Community Engagement Plan aims to inform, consult, involve and collaborate with all stakeholders relevant to the project. It provides the framework for Mandalay operations personnel to understand the commitment of the company to building effective stakeholder relationships (employees, government, local communities, traditional owners, providers/contractors) and responding proactively and appropriately to relationship issues as they arise. The engagement process aims to provide a platform for information sharing, collaborative discussion, constructive input and meaningful feedback on project proposals and future operations.

We aim to achieve that every community member will have explicit knowledge and understanding of the project. Mandalay’s aim is to not just to inform the community of our activities but to involve and collaborate with our stakeholders to empower them to be involved in the decision making process.

Mandalay currently employ two full time staff, one a full time community advisor, who are fully trained in the AIP2 Community Engagement program.

Jobs and Economic Growth of the Region

Mandalay Resources operation in Costerfield is located 15km from the township of Heathcote and 60km from the regional city of Bendigo. It is our policy to purchase products from businesses local to the region. Mandalay Resources contributed \$35 million to the local community in 2019 through wages, local spend and sponsorship. Where possible we always purchase and source goods and services locally so that we can benefit the local communities. Any contracting work requirements on site are always provided to local community members, such as ground works, fencing, courier services as well as specialist technical services like mineral assay services or community leadership programs.

Mandalay Resources continues to support the townships it operates in. Significant funding was donated to fund a due diligence study to determine if a child care centre could be viable in Heathcote. The findings of this study, and the allocation of further funding and manpower,

contributed to the construction of an essential \$1.8 million child care centre service for the township of Heathcote in 2019. Much of the construction of the facility and groundworks was done utilising volunteer labour and equipment donated from Mandalay. The centre currently caters for 45 children (as at Jan 2020) in care allowing Heathcote residents to continue to live and work in the region.

Our staff comprise 85% of people local to the Costerfield, Heathcote and Bendigo region. Mandalay offer continuing education opportunities for all staff. Mandalay Resources are an equal opportunity workplace. We have a growing number of women in the underground workforce. Currently, we have six female underground operators. Mandalay prides itself on an internal selection process, giving more women the opportunity to grow their careers within the company.

Through operating in a small community for the past 10 years, Mandalay understands that the individual communities and townships have their own identities and are to be respected as much as larger cities like Bendigo or Echuca. Often these smaller towns and areas experience the negative impacts of mineral exploration like increased vehicle traffic, dust or noise, all while missing out on the financial benefits from the activities as goods and services are purchased from the larger regional centres. Mandalay ensures it treats these small communities respectfully and where possible spend money and offer opportunities within these towns.

Applications for sponsorship grants are received twice annually, contributing over \$20 000 to local community groups. Funds are made available to the local community to run community-based learning programs. All of these opportunities contribute to the upskilling of the local community.

Proposed Program of Work - RL007485

Mandalay's principle exploration target is for quartz-gold-antimony lodes similar to those already mined at the Augusta Mine. The targeting strategies on the Retention Licence that will be used as a basis of initial resource development primarily consist of diamond drilling (infill/extensional and Production Optimisation) along with ongoing structural geological analysis of the area, geochemical analysis (soil sampling), and geophysics techniques. The primary objective with these strategies is to establish the structural continuity of the existing resource and geological character of the area. In order to construct a mining plan, the company will extend upon the generalised targeting criteria that the company have successfully applied over the past 14 years of the mining operation. A staged drilling program, along with redefining the inferred and indicated resources will be ongoing. A 10 year plan that progresses the target area through high-level, target testing and follow-up, resource development drilling programs followed by the next stages of mining the resource. Assuming the continuation of the Youle Resource capital development will be extended to the north and at depth of the existing mine. Following on from this, if further drilling successfully identifies the True Blue (figure 2 below) area economically viable to mine the next stage will be the proceed with feasibility studies to extend capital to the True Blue Prospect. This process will also involve all the other requirements around community and stakeholder engagement. In addition, the mineralised areas will undergo several more years of resource development and evaluation activities, progressing these areas of interest to suitable plans constructed to fulfil a successful application of a Victorian mining licence over an economically viable mineralised

system in accordance with the guidelines specified under *Mineral Resources (Sustainable Development) Act 1990* (the Act).

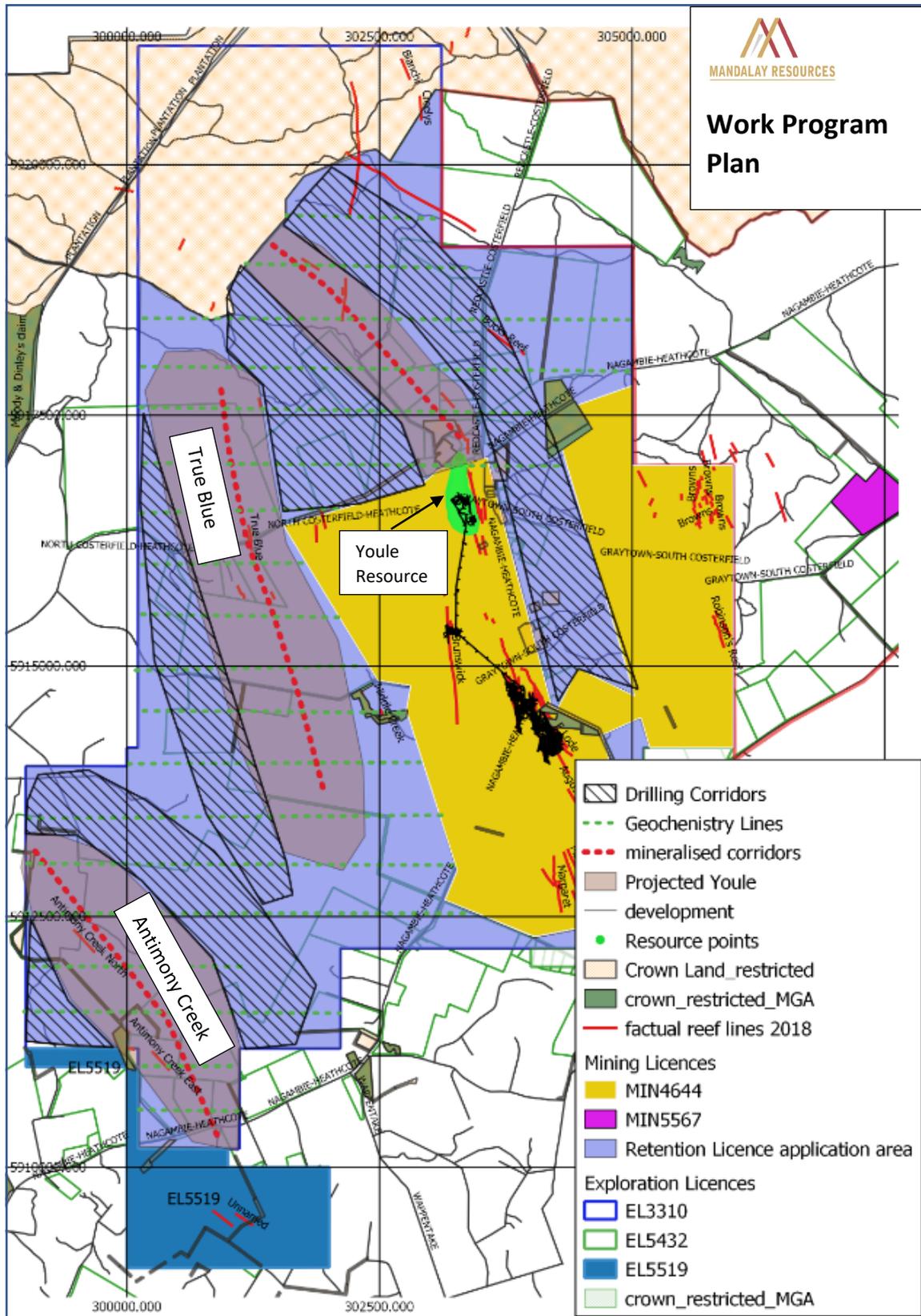


Figure 2. Plan of RL007485 in purple showing mine workings, projected mineralised corridors and work program areas (Drilling & Geochemistry) and other tenement boundaries.