



MANDALAY RESOURCES CORPORATION

MAJORITY VOTING IN DIRECTOR ELECTIONS

The board of directors (the “**Board**”) of Mandalay Resources Corporation (the “**Corporation**”) believes that each director should have the confidence and support of the Corporation’s shareholders (each a “**Shareholder**” and collectively the “**Shareholders**”). To this end, the Board has unanimously adopted this majority voting policy (the “**Policy**”) providing for majority voting in director elections at any meeting of the Corporation’s shareholders other than at “contested meetings”. For the purposes of this Policy, a “contested meeting” means a meeting at which the number of directors nominated for election is greater than the number of seats available on the Board.

Pursuant to this Policy, the forms of proxy circulated in connection with a meeting of the Shareholders at which an uncontested election of directors is to be conducted shall provide the Shareholders with the ability to vote in favour of, or to withhold from voting, separately for each director nominee. The chair of the Board will ensure that the number of votes in favour of or withheld from voting for each director nominee is recorded and promptly made public after the meeting. If the vote was by a show of hands rather than a ballot, the Corporation will disclose the number of shares voted by proxy in favour or withheld for each director. If the number of votes withheld for a particular director nominee is greater than the votes in favour of such nominee, such director nominee shall be required to immediately submit his/her resignation to the chair of the Board following the applicable Shareholders’ meeting, effective upon acceptance by the Board. The Board will refer the resignation to the Compensation, Corporate Governance and Nominating Committee (the “**Committee**”).

Following receipt of a resignation submitted pursuant to this Policy, the Committee shall consider whether or not to accept the resignation and shall recommend to the Board whether or not to accept it. With the exception of exceptional circumstances that would warrant the continued service of the applicable director on the Board, the Committee shall be expected to accept and recommend acceptance of the resignation by the Board. In considering whether or not to accept the resignation, the Committee will consider all factors deemed relevant by members of the Committee including, without limitation, the stated reasons, if any, why the Shareholders withheld votes from the election of that nominee, the Corporation’s governance guidelines, and applicable corporate law requirements and stock exchange rules regarding the composition of the Board.

Within ninety (90) days following the applicable Shareholders’ meeting, the Board shall make its decision, on the Committee’s recommendation. In considering the Committee’s recommendation, the Board will consider the factors considered by the Committee and such additional information and factors that the Board considers to be relevant. The Board shall accept the resignation absent exceptional circumstances. Following the Board’s decision on the resignation, the Board shall promptly issue a news release of its decision whether to accept the applicable director’s resignation, including a full statement of the reasons for rejecting the resignation, if applicable, a copy of which must be provided to the Toronto Stock Exchange. If a resignation is accepted, it will be effective upon acceptance by the Board.

Subject to any corporate law restrictions, the Board may leave the vacancy unfilled or appoint a new director to fill the vacancy.

A director who tenders his/her resignation pursuant to this Policy shall not be permitted to participate in, and shall therefore not attend, any meetings of the Board or the Committee at which his/her resignation is to be considered. If the director who tenders his/her resignation must attend such meeting to satisfy quorum requirements, the director shall not speak or otherwise participate in any part of the meeting where his/her resignation is discussed or a related resolution is voted upon. However, if each member of the Committee received a greater number of votes withheld than the votes for each member in the same election (or a sufficient number of the Committee members, such that the Committee no longer has a quorum), then the remaining members of the Committee, if any, shall not consider the resignation(s) and the Board shall consider whether or not to accept the resignation(s) without a recommendation from the Committee.

In the event that a sufficient number of the Board members received a greater number of votes withheld than votes for such members in the same election, such that the Board no longer has a quorum, then such directors receiving a majority withheld vote shall not be permitted to vote in any meeting of the Board at which his/her resignation is considered, however he/she shall be counted for the purpose of determining whether the Board has quorum.

In the event that any director who received a greater number of votes withheld than votes in favour of such director's election does not tender his/her resignation in accordance with this Policy, he/she will not be re-nominated by the Board.

The Committee may adopt such procedures as it sees fit to assist it in its determinations with respect to this Policy. Each of the current directors has agreed to abide by the provisions of this Policy and any subsequent candidate nominated by the Committee will, as a condition to such nomination, be required to agree to abide by this Policy.