

MANDALAY RESOURCES

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING
AND
MANAGEMENT INFORMATION CIRCULAR**

**Dated April 3, 2020
with respect to the
Annual General and Special Meeting of Shareholders
to be held on May 20, 2020**

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MANDALAY RESOURCES CORPORATION

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 20, 2020

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) of Mandalay Resources Corporation (“**Mandalay**” or the “**Company**”) will be held at Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, ON M5H 2S7 on Wednesday, May 20, 2020, at 9:00 a.m., for the following purposes:

- to receive the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2019, together with the report of the auditor thereon;
- to fix the board of directors of the Company at seven members and to elect directors of the Company for the ensuing year;
- to appoint an auditor for the ensuing year and to authorize the directors to fix the auditor’s remuneration;
- to consider, and if deemed advisable, to pass, with or without variation, an ordinary resolution, substantially in the form set out in the Management Information Circular, ratifying the adoption of an omnibus equity incentive plan of the Company in the form set out at Schedule A to the Management Information Circular; and
- to transact such other business as may properly come before the Meeting or any postponement or adjournment thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying Management Information Circular. The Management Information Circular is deemed to form part of this notice of meeting. Please read the Management Information Circular carefully before you vote on the matters being transacted at the Meeting.

Out of an abundance of caution, to proactively deal with potential issues arising from the unprecedented public health impact of COVID-19, and to limit and mitigate risks to the health and safety of our communities, Shareholders, employees, directors and other stakeholders, the Company is discouraging physical attendance in person. The AGM will not be open to the general public and will be limited to registered shareholders and duly appointed proxyholders only.

The vast majority of our shareholders vote by proxy in advance of the meeting and we encourage shareholders to continue to vote in this manner using one of the methods described in the management proxy circular. Shareholders may listen to the Meeting by live audio teleconference by dialing 877-407-8289 or 201-689-8341 starting at 9:00 a.m. (Toronto time) on May 20, 2020. Please note that Shareholders will not be entitled to vote at, or otherwise participate in, the Meeting by way of teleconference or other electronic means.

The Company is using “notice and access” delivery to furnish proxy materials to Shareholder via the Internet. Management of the Company believes that this delivery process will expedite Shareholders’ receipt of proxy materials and lower the costs and reduce the environmental impact of the Meeting. On or before April 14, 2020, the Company will send to Shareholders of record as of the Record Date a notice and access notification (the “**N&A Notice**”) containing instructions on how to access the Company’s proxy materials for the fiscal year ended December 31, 2019. The N&A Notice will also provide instructions on how to vote and how to receive a paper copy of the proxy materials by mail.

Registered Shareholders may attend the Meeting in person or be represented by proxy but are strongly encouraged to vote by proxy. Registered Shareholders who will not be attending the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited with the Company’s transfer agent, Computershare Investor Services Inc. by mail or hand delivery at 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the Meeting or any adjournment thereof.

DATED this 3rd of April, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “*Dominic Duffy*”

Dominic Duffy
President, Chief Executive Officer and Director

**MANDALAY RESOURCES CORPORATION
MANAGEMENT INFORMATION CIRCULAR
as at April 3, 2020**

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Mandalay Resources Corporation (“Mandalay” or the “Company”) for use at the annual general and special meeting (the “Meeting”) of the shareholders of the Company (the “Shareholders”) to be held on Wednesday, May 20, 2020 at 9:00 a.m. (Toronto time) at Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, ON M5H 2S7, and at any adjournment(s) thereof, for the purposes set forth in the accompanying notice of meeting (the “Notice of Meeting”).

In this Circular: the “**Company**” means Mandalay Resources Corporation; “**Common Shares**” or “**shares**” means common shares in the capital of the Company; “**Shareholders**” means holders of Common Shares; “**Beneficial Shareholders**” means Shareholders who do not hold Common Shares in their own name; and “**intermediaries**” means brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The Company will use the “notice and access” delivery model (“**Notice and Access**”) to conduct the solicitation of proxies in connection with this Circular. Proxies may also be solicited personally or by telephone by individual directors of the Company or by officers and/or other employees of the Company. The Company will bear the cost in respect of the solicitation of proxies for the Meeting and will bear the legal, printing and other costs associated with the preparation of the Circular. The Company will also pay the fees and costs of intermediaries for their services in transmitting proxy-related material in accordance with National Instrument 54-101 — *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”). This cost is expected to be nominal.

Copies of the Company’s audited consolidated financial statements for the year ended December 31, 2019 and current annual information form (“**AIF**”) are available on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) website at www.sedar.com.

Notice and Access

The Company is using Notice and Access for both registered holders and Beneficial Shareholder (as defined below), which allows the Company to furnish proxy materials via the Internet to Shareholders instead of mailing paper copies of such materials. Under Notice and Access, the Company can deliver proxy-related materials by (i) posting the Circular (and other proxy related materials) on a website other than SEDAR and (ii) sending a notice informing Shareholder that the Circular and proxy related materials have been posted and explaining how to access them (the “**N&A Notice**”).

On or before April 14, 2020, the Company will send to Shareholders of record as of the Record Date a notice package containing the N&A Notice and the relevant voting document (a form of proxy or voting instruction form) (collectively, the “**Meeting Materials**”). The N&A Notice will contain basic information about the Meeting and the matters to be voted on, instructions on how to access the Meeting Materials, an explanation of the Notice and Access process and details of how to obtain a paper copy of this Circular upon request at no cost.

Appointment of Proxies

Instruments of proxy must be received by the Company at the office of its transfer agent, Computershare Investor Services Inc. by mail or hand delivery at 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1, not less than forty-eight (48) hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, before the time set for the holding of the Meeting or any adjournment(s) thereof.

The instruments of proxy must be in writing and must be executed by the Shareholder or such Shareholder’s attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

Late proxies may be accepted or rejected by the Chair of the Meeting in his discretion, and the Chair is under no obligation to accept or reject any particular late proxy.

The persons named in the enclosed instruments of proxy are either representatives, directors or officers of the Company. Each Shareholder has the right to appoint a proxyholder other than the persons designated in the accompanying form of proxy furnished by the Company, who need not be a Shareholder, to attend and act for such Shareholder and on such Shareholder's behalf at the Meeting. To exercise such right, the name of the Shareholder's appointee should be legibly printed in the blank space provided in the accompanying form of proxy.

Revocability of Proxy

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy personally attends the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or such Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal, if applicable, or by an officer or attorney thereof duly authorized, and deposited at the office of the Company's transfer agent, Computershare Investor Services Inc. by mail or hand delivery at 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chair of the Meeting on the day of the Meeting prior to voting, or any adjournment thereof.

Persons Making the Solicitation

The solicitation is made on behalf of the management of the Company. The cost of solicitation by management will be borne by the Company. Proxies will be solicited by mail and may also be solicited personally or by telephone by the directors or officers of the Company, who will not be specifically remunerated therefor.

Exercise of Discretion by Proxy

On the form of proxy, you can indicate how you want to vote your Common Shares, or you can let your proxyholder decide for you. If you give directions on how to vote your Common Shares on your form of proxy, your proxyholder must vote your Common Shares according to your instructions. If you have not specified how to vote on a particular matter on your form of proxy, your proxyholder can vote your Common Shares as he or she sees fit. If neither you nor your proxyholder gives specific instructions, your Common Shares will be voted **FOR each of the matters stated in the Notice of Meeting. If any amendments or variations are proposed at the Meeting or any adjournment thereof to matters set forth in the proxy and described in the accompanying Notice of Meeting and this Circular, or if any other matters properly come before the Meeting or any adjournment thereof, the proxy confers upon the Shareholder's nominee discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the person voting the proxy at the Meeting. At the date of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.**

Advice to Beneficial Shareholders

The information set forth in this section is important to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own names. Shareholders who do not hold their Common Shares in their own names (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of the Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, investment dealer or other intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Company.

Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing & Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers, investment dealers or other intermediaries can only be voted (for or against resolutions) upon the Beneficial Shareholder's instructions. Without specific instructions, brokers, investment dealers

and other nominees are prohibited from voting Common Shares for their clients. The directors and officers of the Company may not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires brokers, investment dealers and other nominees to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every investment dealer or other intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its investment dealer or other intermediary is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholders on how to vote on behalf of the Beneficial Shareholder. The majority of investment dealers or other nominees now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**"). Broadridge typically applies a decal to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy with a Broadridge decal on it cannot use that proxy to vote Common Shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting to have the Common Shares voted.

Beneficial Shareholders (other than Beneficial Shareholders who are duly appointed proxyholders) will not be admitted to the Meeting. Beneficial Shareholders are urged to vote their Common Shares in advance of the Meeting in accordance with the procedures and instructions received from Broadridge or other applicable intermediary. Beneficial Shareholders may listen to the Meeting using the live audioconferencing facilities described in this Circular.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company, nor any person who has held such a position at any time since January 1, 2019, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The Board of Directors of the Company (the "**Board**") has fixed the record date for determining Shareholders entitled to receive notice and to vote at the Meeting as the close of business on April 9, 2020 (the "**Record Date**"). Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The authorized capital of the Company consists of an unlimited number of Common Shares without nominal or par value. As of the Record Date, the Company had 91,091,091 issued and outstanding Common Shares. Each Common Share carries the right to one vote. The Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "MND".

As at the date of this Circular, to the knowledge of the directors and senior officers of the Company, except as set out in the table below, no person or company beneficially owns, or controls or directs, directly or indirectly, 10% or more of any class of voting securities of the Company, on a non-diluted basis.

Name	Number of Common Shares Owned or Controlled or Directed	Percentage of Outstanding Common Shares
CE Mining	23,236,296	25.5%
GMT Capital	16,204,388	17.8%
Ruffer LLP	15,291,400	16.8%
AzValor Asset Management SGIIC, S.A.U.	10,275,810	11.3%

As of the Record Date, the directors and executive officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly, approximately 23,778,953 Common Shares, representing approximately 26.10% of the outstanding Common Shares.

QUORUM

A quorum will be present at the Meeting if there are two persons who are, or who represent by proxy, Shareholders who, in the aggregate, hold at least 5% of the issued Common Shares entitled to be voted at the Meeting.

PARTICULARS OF MATTERS TO BE ACTED ON AT THE MEETING

The Meeting has been called for Shareholders to consider and, if thought appropriate, to pass resolutions in relation to each of the following matters:

Financial Statements

The Company's audited consolidated financial statements for the fiscal year ended December 31, 2019, together with the auditor's reports thereon will be presented at the Meeting.

Election of Directors

Directors of the Company are elected annually by the Shareholders. A Board of seven directors is to be elected at the Meeting. Accordingly, at the Meeting, Shareholders will be asked to vote on an ordinary resolution to fix the Board at seven members and to elect seven directors. Each director elected will hold office until the conclusion of the next annual meeting or until his successor is appointed, unless his or her office is vacated earlier in accordance with the *Business Corporations Act* (British Columbia) (the "Act") and the articles of the Company.

Majority Voting Policy

The Board has adopted a policy that entitles each Shareholder to vote for each nominee on an individual basis. Each director should be elected by the vote of a majority of the Common Shares represented in person or proxy at the Meeting that are voted in respect of that director. If any nominee for election as director receives, from the Common Shares voted at the Meeting in person or by proxy, a greater number of votes "withheld" than votes "for" his or her election, the director will be expected to immediately tender his or her offer to resign to the Chair of the Board following the Meeting.

In such circumstances, the Compensation, Corporate Governance and Nominating Committee will expeditiously consider such director's offer to resign and make a recommendation to the Board whether to accept such director's offer to resign. Within 90 days of the Meeting, the Board will make a final decision concerning the acceptance of such director's offer to resign and promptly announce its decision and the reasons for its decision in a news release (a copy of which will be provided to the TSX). Absent exceptional circumstances, the Board will accept such director's offer to resign. Any director who tenders his or her offer to resign will not participate in the deliberations of the Board or any of its committees pertaining to the offer to resign.

The above process applies only in circumstances involving an "uncontested" election of directors – where the number of director nominees does not exceed the number of directors to be elected and where no proxy materials are circulated in support of one or more nominees who are not part of the slate supported by the Board for election at the meeting. If any director fails to tender his or her offer to resign as contemplated above, the Board will not re-nominate that director. Where the Board accepts the offer of resignation of a director, such resignation will, upon such acceptance, take effect immediately. The Board may exercise its discretion with respect to the resulting vacancy and may, without limitation, leave the resulting vacancy unfilled until the next annual meeting of Shareholders, fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the Shareholders, or call a special meeting of Shareholders to elect a new nominee to fill the vacant position.

Advance Notice Policy

The Company has adopted an amended and restated advance notice policy (the "**Amended and Restated Advance Notice Policy**"), which requires advance notice to the Company in circumstances where nominations of persons for

election to the Board are made by Shareholders other than pursuant to: (i) a proposal made in accordance with the Act; or (ii) a requisition of the Shareholders made in accordance with the Act. Among other things, the Amended and Restated Advance Notice Policy fixes a deadline by which Shareholders must submit director nominations to the corporate secretary of the Company prior to any annual or special meeting of Shareholders and sets forth the specific information that a Shareholder must include in such notice for an effective nomination to occur. Pursuant to the Amended and Restated Advance Notice Policy, no person will be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Amended and Restated Advance Notice Policy.

Pursuant to the Amended and Restated Advance Notice Policy, in the case of an annual meeting of Shareholders, notice to the Company must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made by the Company, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

Nominees for Appointment

All of the nominees for election to the Board at the Meeting (each a “**Nominee**”, and together the “**Nominees**”) are currently members of the Board and have been since the dates indicated in the table below. Management does not contemplate that any of the Nominees will be unable to serve as a director. However, if a Nominee should be unable to serve as a director for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. **Unless authority to do so with respect to one or more directors is withheld, the management representatives named in the form of proxy intend to vote FOR the election of each of the Nominees whose names are set forth below:**

Bradford A. Mills	Abraham Jonker
Amy Freedman	Dominic Duffy
Peter R. Jones	Robert Doyle
Terrell Ackerman	

The names, municipality, province or state, country of residence, all positions or offices with the Company currently held by them, their principal occupations of employment, the year in which they became directors of the Company, the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by each of them, as of the Record Date, and the number of options and/or Restricted Share Units (“**RSU**”) to acquire Common Shares held by each of them as of the Record Date for each of the person nominated for election of directors is set out in the profiles below.

Bradford A. Mills**Status:** Chair and Non-Independent Director**Age:** 65**Residence:** Texas, United States of America**Joined Board:** September 25, 2009**Biography**

Mr. Mills has over 30 years of experience in the resource industry. He is the founder and managing director of Plinian Capital, a private equity firm whose principal business is investment in natural resources projects and companies. Mr. Mills formerly held the position of Chief Executive Officer of Lonmin Plc (GBX: LMI), the world's number three platinum and platinum group metals producer. Prior to that, Mr. Mills served as president of the BHP Billiton's copper group. Mr. Mills is currently a director of West African Minerals, an iron ore exploration company focused on exploration projects in Africa and Rambler Metals & Mining PLC, a mining company engaged in the development, mining and exploration of base and precious metals in Newfoundland and Labrador, Canada.

Principal Occupation

Founder of Plinian Capital

Other Public Company Directorships

West African Minerals Company (GBX: WAFM) since March 2012

Rambler Metals & Mining PLC (AIM: RMM) since June 2016

Securities Held		Board and Committee Membership	2019 Attendance
Common Shares	23,236,296	Board (Chair)	13 of 14 (93%)
Stock Options	Nil	Safety, Health and Environmental	
Restricted Share Units	81,967	Committee (Chair)	3 of 3 (100%)

Abraham Jonker**Status:** Lead Independent Director**Age:** 52**Residence:** Vancouver, Canada**Joined Board:** August 6, 2010**Biography**

Mr. Jonker is a registered Chartered Accountant in British Columbia, (Canada), England and Wales as well as South Africa. He is also a member of the Chartered Institute of Management Accountants in the United Kingdom and holds a Masters degree in South African and International Tax from the Rand Afrikaans University. Mr. Jonker has more than 20 years of extensive management, accounting and corporate finance experience across five continents, mostly in the mining industry. Mr. Jonker currently serves as the Lead Independent Director of Mandalay and CFO of Nevada Copper Corp. Previously he was the Chief Financial Officer of Western Coal Corp at the time of its take-over by Walter Energy for \$3.3 billion. During his career Mr. Jonker has played a pivotal role in several business recoveries, has been a key team member at management level in the strategic growth of several public companies, has raised and overseen the raising of more than \$500 million in the form of equity and debt instruments and has been involved in corporate transactions aggregating several billion dollars.

Principal Occupation

Chief Financial Officer of Nevada Copper Corp.

Other Public Company Directorships

East Coal Inc. (TSX-V: ECX.H) since July 2011

Securities Held		Board and Committee Membership	2019 Attendance
Common Shares	154,650	Board (Lead Independent Director)	12 of 14 (86%)
Stock Options	Nil	Audit Committee	4 of 4 (100%)
Restricted Share Units	151,639	Special Committee	7 of 7 (100%)

Amy Freedman**Status:** Independent Director**Age:** 47**Residence:** Ontario, Canada**Joined Board:** May 24, 2016**Biography**

Amy Freedman is the CEO at Kingsdale Advisors, a firm specializing in corporate governance and shareholder advisory matters with a focus on proxy battles and hostile takeovers. Prior to Kingsdale Advisors, Ms. Freedman spent over 14 years as a capital markets professional in various roles within investment banking both in the United States and Canada. Ms. Freedman obtained her JD/MBA from the University of Toronto.

Principal Occupation

Chief Executive Officer of Kingsdale Advisors

Other Public Directorships

None

Securities Held		Board and Committee Membership	2019 Attendance
Common Shares	26,065	Board	14 of 14 (100%)
Stock Options	Nil	Audit Committee	3 of 3 (100%)
Restricted Share Units	151,639	Special Committee	6 of 7 (86%)
		Compensation, Corporate Governance & Nominating Committee*	2 of 2 (100%)

*Ms. Freedman was appointed as a member of Compensation, Corporate Governance & Nominating Committee on June 18, 2019.

Dominic Duffy**Status:** Non-Independent Director**Age:** 44**Residence:** Ontario, Canada**Joined Board:** May 14, 2018**Biography**

Mr. Duffy holds a B.Eng. in Mining Engineering from the University of New South Wales (Sydney, Australia). He has extensive technical and operational management experience, having worked at numerous operations throughout Australia and Latin America. Prior to joining Mandalay Resources, Mr. Duffy most recently worked for Coeur d'Alene Mines and Hecla Mining Company in South America.

Principal Occupation

President & Chief Executive Officer of the Company

Other Public Directorships

None

Securities Held**Board and Committee Membership****2019 Attendance**

Common Shares	30,000	Board	14 of 14 (100%)
Stock Options	717,500		
Restricted Share Units	Nil		

Peter R. Jones**Status:** Independent Director**Age:** 72**Residence:** Ontario, Canada**Joined Board:** August 6, 2010**Biography**

Mr. Jones is a mining executive and Professional Engineer with 40 years of experience in senior operational and project positions at coal, gold, base metal and potash mines. On April 1, 2018, Mr. Jones transitioned from the Executive Vice President to Chair, Advisory Committee of Century Global Commodities Company (TSX: CNT.T). He is also a director of Victory Nickel Inc., Rubicon Minerals Company and Century Metals Inc. (a new company with a conditional TSX-V listing). Previously, he was CEO of Hudson Bay Mining and Smelting Co., Limited (HBMS) for Anglo American, President and CEO of HudBay Minerals Inc. (TSX: HBM), Chairman of Augyva Mining Resources (TSX-V: AUV) and Chairman and CEO of Adanac Molybdenum. Mr. Jones is an advocate of corporate governance and graduated from the Camborne School of Mines, UK and the Banff School of Advanced Management.

Principal Occupation

Corporate Director

Other Public Directorships

Victory Nickel Inc. (TSX-V: NI) since June 2011

Rubicon Minerals Company (TSX: RMX) since December 2016

Century Metals Inc. (a new company with a conditional TSX-V listing) since April 2019

Securities Held		Board and Committee Membership	2019 Attendance
Common Shares	68,752	Board	14 of 14 (100%)
Stock Options	Nil	Safety, Health & Environmental Committee	3 of 3 (100%)
Restricted Share Units	151,639	Compensation, Corporate Governance & Nominating Committee (Chair)	4 of 4 (100%)

Robert Doyle**Status:** Independent Director**Age:** 65**Residence:** Ontario, Canada**Joined Board:** April 21, 2010**Biography**

Mr. Doyle has over 40 years of experience in all facets of international resource exploration, development and production. Currently, Mr. Doyle serves as a director of Golden Star Resources Ltd and Caldas Gold Corp. He was Chief Executive Officer of Medoro Resources Limited until October 2009 and was Executive Vice President prior to that. Previously, Mr. Doyle was Chief Financial Officer of a number of companies including Pacific Stratus Energy Corp., Coalcorp Mining Inc., Bolivar Gold Corp. and HMZ Metals Inc., Lac Minerals and Falconbridge Limited. In addition, he was previously a gold market analyst at RBC Capital Markets and Credit Suisse First Boston. Mr. Doyle holds CPA, CA and C.Dir designations and graduated with an HBA in Business Administration from the Ivey School of Business, University of Western Ontario.

Principal Occupation

Corporate Director

Other Public Directorships

Golden Star Resources Ltd. (TSX: GSC) since February 2010

Caldas Gold Corp. (TSX: CGC) since February 2020

Securities Held		Board and Committee Membership	2019 Attendance
Common Shares	106,185	Board	14 of 14 (100%)
Stock Options	Nil	Audit Committee (Chair)	4 of 4 (100%)
Restricted Share Units	151,639	Compensation, Corporate Governance & Nominating Committee	4 of 4 (100%)
		Special Committee	7 of 7 (100%)

Terrell Ackerman

Status: Non-Independent Director

Age: 66

Residence: Montana, United States of America

Joined Board: June 18, 2019

Biography

Mr. Ackerman was interim Chief Executive Officer of Stillwater Mining Company during 2013, having joined the company in 2000 as Director of Corporate Planning. During 1998 and 1999, Mr. Ackerman conducted feasibility studies, operational and mine planning reviews for various underground operations. Prior to this time, Mr. Ackerman was Vice President and General Manager of BHP Copper's San Manuel Operation in Arizona. Mr. Ackerman held increasing roles of accountability for Magma Copper Company starting as an underground engineer in training in 1976. Mr. Ackerman received a Bachelor of Science degree in Mine Engineering from the University of Idaho College of Mines.

Principal Occupation

Corporate Director

Other Public Directorships

Rambler Metals & Mining PLC (AIM: RMM) since June 2016

Securities Held		Board and Committee Membership	2019 Attendance
Common Shares	Nil	Board	7 of 7 (100%)
Stock Options	Nil	Safety, Health & Environmental Committee	2 of 2 (100%)
Restricted Share Units	109,745		

Orders, Penalties and Bankruptcies

Peter Jones was Chairman and CEO of Adanac Molybdenum Corporation from August 2008 to March 2009. Adanac entered into voluntary *Companies Creditors Arrangement Act* protection in December 2008 and emerged from creditor protection in February 2011 following the successful implementation of its plan of compromise and arrangement.

Abraham Jonker was a Director, President and Interim CFO of EastCoal Inc. (“**EastCoal**”) when EastCoal filed a Notice of Intention to Make a Proposal pursuant to the provisions of Part III of the *Bankruptcy and Insolvency Act* (Canada) on November 5, 2013. EastCoal emerged from creditor protection on May 21, 2014 following the successful implementation of a compromise agreement with creditors, in which the creditors agreed to reduce the claim amount providing for the full and final settlement of all the claims against EastCoal.

Other than as described above, to the knowledge of the Company, as of the date hereof, no Nominee:

- (a) is, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:
 - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, or has been, within 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while such Nominee was acting in that capacity, or within a year of such Nominee ceased to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such Nominee.

For the purposes of the above section, the term “order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation

that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Company, as of the date hereof, no Nominee has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or any other penalties or sanctions imposed by a court or regulatory body.

Appointment of Auditors

Management recommends the re-appointment of Ernst & Young (“**E&Y**”) LLP, Chartered Professional Accountants, of Toronto, Ontario, as auditor of the Company to hold office until the close of the next annual meeting of the Shareholders, or until their successor is otherwise appointed. E&Y was first appointed as auditor of the Company on

June 10, 2014. E&Y will be implementing Engagement Partner rotation and Independent Partner rotation after fiscal 2020.

The Board recommends that Shareholders vote **FOR** an ordinary resolution approving the re-appointment of E&Y as auditor of the Company and authorizing the Board, upon the recommendation of the Audit Committee, to fix their remuneration. Unless authority to do so is withheld, the management representatives named in the form of proxy intend to vote **FOR** the re-appointment of E&Y as the Company's auditor until the close of the Company's next annual meeting of shareholders and the authorization of the Board, upon the recommendation of the Audit Committee, to fix the remuneration of the auditor.

Omnibus Equity Incentive Plan

Historically, the Company has provided equity incentives to directors, officer, employees and consultants in the form of stock options ("**Options**") and restricted share units ("**RSUs**"). Options are currently issued under the Company's Second Amended and Restated Stock Option Plan dated March 14, 2014 (the "**Stock Option Plan**") and RSUs are currently issued under the Company's Restricted Share Unit Plan dated April 12, 2013 (the "**RSU Plan**"). As at the date of this Circular, Options to acquire a total of 2,405,300 Common Shares (representing approximately **2.6%** of the outstanding Common Shares) and 798,269 RSUs (representing approximately 0.9% of the outstanding Common Shares) are outstanding.

On March 30, 2020, the Board passed a resolution to adopt an omnibus equity incentive plan in the form set out at Schedule A hereto (the "**Omnibus Equity Incentive Plan**"), subject to, and effective upon, the approval of Shareholders. The Omnibus Equity Incentive Plan provides flexibility to the Company to grant equity-based incentive awards in the form of stock options, restricted share units, performance share units and deferred share units (as described in further detail below) to attract, retain and motivate qualified directors, officers, employees and consultant of the Company and its subsidiaries. If shareholders ratify the Omnibus Equity Incentive Plan, the Company will have additional flexibility with respect to equity-based awards and the Stock Option Plan and RSU Plan will then remain in effect only in respect of outstanding options and RSUs, and no further Options or RSUs will be granted under the Stock Option Plan or the RSU Plan. As such, provided that the Omnibus Equity Incentive Plan is approved by the shareholders at the Meeting, all future grants of equity-based awards will be made pursuant to, or as otherwise permitted by, the Omnibus Equity Incentive Plan, and no further equity-based awards will be made pursuant to the Stock Option Plan or the RSU Plan as of the date of the Meeting. The Stock Option Plan and RSU Plan will remain in effect only in respect of outstanding Options and RSUs.

The purpose of the Omnibus Equity Incentive Plan is to, among other things: (a) provide the Company with a mechanism to attract, retain and motivate qualified directors, officers, employees and consultants of the Company, including its subsidiaries, (b) reward directors, officers, employees and consultants that have been granted awards under the Omnibus Equity Incentive Plan for their contributions toward the long term goals and success of the Company, and (c) enable and encourage such directors, officers, employees and consultants to acquire shares of the Company as long term investments and proprietary interests in the Company.

The total number of Common Shares reserved for issuance pursuant to awards granted under the Omnibus Equity Incentive Plan and all other security based compensation arrangements (including the Stock Option Plan and RSU Plan) shall not exceed 10% of the issued and outstanding Common Shares from time to time. The Omnibus Equity Incentive Plan is considered an "evergreen" plan, since the shares covered by awards which have been exercised or terminated shall be available for subsequent grants under the Omnibus Equity Incentive Plan and the number of awards available to grant increases as the number of issued and outstanding units increases. If the Omnibus Equity Incentive Plan is adopted, there will initially be a total of 5,905,540 unallocated Common Shares available for issuance thereunder, representing approximately 6.5% of the issued and outstanding Common Shares as of the date of this Circular.

A summary of the key terms of the Omnibus Equity Incentive Plan is set out below under "Key Terms of the Omnibus Equity Incentive Plan".

At the Meeting, Shareholders will be asked to consider, and if deemed advisable, to pass, with or without variation, an ordinary resolution, ratifying the adoption of the Omnibus Equity Incentive Plan. The approval of the Omnibus Equity Incentive Plan will be effective for three years from the date of the Meeting, at which time unallocated awards under the Omnibus Equity Incentive Plan must then be resubmitted for approval by the Shareholders. Options

previously granted under the Stock Option Plan and RSUs previously granted under the RSU Plan will continue to be unaffected by the approval or disapproval of the ordinary resolution, as such Options and RSUs will remain governed by the Stock Option Plan and the RSU Plan, as applicable. The text of the proposed resolution is set forth below.

“BE IT RESOLVED THAT:

1. The new equity incentive plan adopted by the board of directors of the Company (the “**Board**”) on April 3, 2020, (the “**Omnibus Equity Incentive Plan**”), in the form attached as Schedule A to the management information circular of the Company dated April 3, 2020 (the “**Management Information Circular**”), which provides for the issuance from time to time of up to a maximum of 10% of the issued and outstanding common shares of the Company at any such time, and the other key terms of which are set forth in the Management Information Circular, is hereby ratified, authorized and approved.
2. The Company is hereby authorized to grant equity-based awards under the Omnibus Equity Incentive Plan in accordance with its terms until May 20, 2023.
3. Any director or officer of the Company be and each of them is hereby authorized and directed, for and in the name of and on behalf of the Company, to execute and deliver or cause to be executed and delivered all documents, and to take any action, which, in such director’s or officer’s own discretion, is necessary or desirable to give effect to this resolution.”

The affirmative vote of a majority of the votes cast in respect thereof is required in order to pass such resolution.

The Board recommends that Shareholders vote **FOR** the foregoing resolution approving and ratifying the option grants. **IN THE ABSENCE OF CONTRARY DIRECTIONS, THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY INTEND TO VOTE THE COMMON SHARES REPRESENTED THEREBY FOR THE RESOLUTION APPROVING AND RATIFYING THE OPTION GRANTS.**

Key Terms of the Omnibus Equity Incentive Plan

Below is a summary of the key terms of the Omnibus Equity Incentive Plan, which is qualified in its entirety by reference to the full text of the Omnibus Equity Incentive Plan, attached hereto as Schedule A.

Common Shares Subject to the Omnibus Equity Incentive Plan

Subject to the adjustment provisions provided for in the Omnibus Equity Incentive Plan, the total number of Common Shares reserved for issuance pursuant to awards granted under the Omnibus Equity Incentive Plan and all other security based compensation arrangements (including the Stock Option Plan and RSU Plan) shall not exceed 10% of the issued and outstanding Common Shares from time to time. The Omnibus Equity Incentive Plan is considered an “evergreen” plan, since the shares covered by awards which have been exercised or terminated shall be available for subsequent grants under the Plan and the number of awards available to grant increases as the number of issued and outstanding Common Shares increases.

The number of Common Shares issuable to insiders under the Omnibus Equity Incentive Plan and all other security-based compensation arrangements cannot exceed 10% of the issued and outstanding Common Shares at any time. The number of Common Shares issued to insiders within any one year period and all other security-based compensation arrangements, including, but not limited to, the Omnibus Equity Incentive Plan, cannot exceed 10% of the issued and outstanding Common Shares. Furthermore, the Plan Administrator shall not make grants of awards to any eligible person who is a director but not otherwise employees of the Company within any one year period if the aggregate fair value on the date of grant of (i) all Options exceeds CDN\$100,000 or (ii) all awards (including Options) exceeds CDN\$150,000; provided that such limits shall not apply to awards granted to a director in lieu of any cash retainer or meeting fees or a one-time initial grant to a director upon such director joining the board.

Administration of the Omnibus Equity Incentive Plan

The plan administrator of the Omnibus Equity Incentive Plan (the “**Plan Administrator**”) will be determined by the board, and will initially be the Compensation, Corporate Governance and Nominating Committee, but may in the

future be administered by the Board itself or delegated to such other committee as may be established by the Board from time to time. The Plan Administrator will determine which employees, directors, officers or consultants are eligible to receive awards under the Omnibus Equity Incentive Plan. In addition, the Plan Administrator will interpret the Omnibus Equity Incentive Plan and may adopt administrative rules, regulations, procedures and guidelines governing the Omnibus Equity Incentive Plan or any awards granted under the Omnibus Equity Incentive Plan as it deems to be appropriate.

Types of Awards

The following types of awards may be made under the Omnibus Equity Incentive Plan: stock options, restricted share units, performance share units and deferred share units. All of the awards described below are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined by the Plan Administrator, in its sole discretion, subject to such limitations provided in the Omnibus Equity Incentive Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations provided in the Omnibus Equity Incentive Plan and in accordance with applicable law, the Plan Administrator may accelerate or defer the vesting, settlement or payment of awards, cancel or modify outstanding awards, and waive any condition imposed with respect to awards or Common Shares issued pursuant to awards.

Stock Options

An Option is a right to purchase Common Shares upon the payment of a specified exercise price as determined by the Plan Administrator at the time the stock option is granted. Subject to certain adjustments and whether the Common Shares are then trading on any stock exchange, the exercise price shall be not less than the volume weighted average closing price of the Common Shares for the five days immediately preceding the date of grant (the “**Market Price**”). The Plan Administrator, shall have the authority to determine the vesting terms applicable to the grants of options. Subject to any accelerated termination as set forth in the Omnibus Equity Incentive Plan, each stock option expires on the date that is the earlier of ten years from the date of grant or such earlier date as may be set out in the participant’s award agreement.

Unless otherwise specified by the Plan Administrator at the time of granting a stock option, the exercise notice of such option must be accompanied by payment in full of the purchase price for the Common Shares underlying the options to be purchased. The exercise price must be fully paid by certified cheque, bank draft or money order payable to the Company or by such other means as might be specified from time to time by the Plan Administrator, which may include (a) through an arrangement with a broker approved by the Company (or through an arrangement directly with the Company) whereby payment of the exercise price is accomplished with the proceeds of the sale of Common Shares deliverable upon the exercise of the stock option, (b) through the cashless exercise process set out in the Plan and described below, or (c) such other consideration and method of payment for the issuance of Common Shares to the extent permitted by applicable securities laws, or any combination of the foregoing methods of payment.

Subject to the approval of the Plan Administrator, a Participant may elect to receive upon the exercise of a stock option in accordance with the terms of this Plan (instead of payment of the exercise price and receipt of Common Shares issuable upon payment of the exercise price) the number of Common Shares equal to: (i) the Market Price of the Common Shares issuable on the exercise of such stock option (or portion thereof) as of the date such stock option (or portion thereof) is exercised, less (ii) the aggregate exercise price of the stock option (or portion thereof) surrendered relating to such Common Shares, divided by (iii) the Market Price per Common Share, as of the date such stock option (or portion thereof) is exercised.

In addition, subject to certain conditions, Participants who are residents of Australia may elect, in lieu of exercising an Option, to surrender an Option to the Company in exchange for a cash payment equal to the difference between the Market Price on the date of the election and the exercise price of the Option.

No Common Shares will be issued or transferred upon the exercise of stock options in accordance with the terms of the grant until full payment therefor has been received by the Company.

Restricted Share Units and Performance Share Units

A restricted share unit is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Common Share for each restricted share unit after a specified vesting period determined by the Plan Administrator. The number of restricted share units (including

fractional restricted share units) granted at any particular time is determined by dividing (a) the aggregate dollar value of the applicable grant, by (b) the Market Price of a Common Share on the date of grant. Upon settlement, holders will receive (a) one fully paid and non-assessable Common Share in respect of each vested restricted share unit, or (b) subject to the approval of the Plan Administrator, a cash payment. The cash payment is determined by multiplying the number of restricted share units redeemed for cash by the Market Price of the Common Share on the date of settlement.

Performance share units are similar to restricted share units, except that vesting of restricted share units is generally based on the achievement of specified individual or corporate performance targets.

Deferred Share Units

Deferred share units are issuable to directors in lieu of cash to satisfy up to 100% of the fees payable to directors. A deferred share unit is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Common Share for each deferred share unit on a future date, generally upon termination of service to the Company. The number of deferred share units (including fractional deferred share units) granted at any particular time is determined by dividing (a) the aggregate dollar value of the applicable grant, by (b) the Market Price of a Common Share on the date of grant. Upon settlement, holders will receive (a) one fully paid and non-assessable Common Share in respect of each vested deferred share unit, or (b) subject to the approval of the Plan Administrator, a cash payment. The cash payment is determined with reference to the Market Price in the same manner as with the restricted share units.

Dividend Equivalents

Restricted share units, performance share units and deferred share units shall be credited with dividend equivalents in the form of additional restricted share units and deferred share units, as applicable. Dividend equivalents shall vest in proportion to, and settle in the same manner as, the awards to which they relate. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Common Share by the number of restricted share units, performance share units and deferred share units, as applicable, held by the participant on the record date for the payment of such dividend, by (b) the Market Price at the close of the first business day immediately following the dividend record date, with fractions computed to three decimal places.

Black-out Periods

If an award expires during, or within five business days after, a trading black-out period imposed by the Company to restrict trades in its securities, then, notwithstanding any other provision of the Omnibus Equity Incentive Plan, unless the delayed expiration would result in tax penalties, the award shall expire ten business days after the trading black-out period is lifted by the Company.

Terminations

All awards granted under the Omnibus Equity Incentive Plan will expire on the date set out in the applicable award agreement, subject to early expiry in certain circumstances, provided that in no circumstances will the duration of an award granted under the Omnibus Equity Incentive Plan exceed 10 years from its date of grant.

Termination of Employment or Services

The following table describes the impact of certain events that may, unless otherwise determined by the Plan Administrator or as set forth in an award agreement, lead to the early expiry of awards granted under the Omnibus Equity Incentive Plan:

Event	Provisions
Resignation or termination by the Participant	Forfeiture of all unvested awards Vested awards may be exercised for 30 days after the date of resignation or termination
Death or permanent disability	Forfeiture of all unvested awards
Termination without cause	Vested awards may be exercised for one year after the date of resignation or termination
Resignation for good reason	

Event**Provisions**

Termination for cause

Forfeiture of all awards

Change in Control

Except as provided in an employment, consulting or written arrangement, if a Participant's employment, consulting agreement or arrangement is terminated without cause or due to the Participant's resignation for good reason within 12 months following a change in control, all awards vest and Options may be exercised until the earlier of (a) 90 days after termination and (b) the expiry date of the option. However, the Omnibus Equity Incentive Plan provides that in connection with a change in control, the Plan Administrator may (a) cause awards to be converted or exchanged into or for rights or other securities in any entity participating in or resulting from the change in control, (b) cause any unvested or unearned awards to become fully vested or earned upon or immediately prior to the occurrence of such change in control, (c) terminate an award for cash and/or other property, or (d) replace the awards with other rights.

Subject to certain exceptions, a change in control means (a) any transaction pursuant to which a person or group acquires more than 50% of the outstanding Common Shares, (b) the sale of all or substantially all of the assets or the dissolution of the Company, (c) the acquisition of the Company via consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise, (d) individuals who comprise the Board at the last annual meeting of shareholders (the "**Incumbent Board**") cease to constitute at least a majority of the Board, unless the election, or nomination for election by the shareholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, or in which case such new director shall be considered as a member of the Incumbent Board.

For the purposes of the Plan, resignation for good reason means (a) "good reason" (or any similar term) as such term is defined in the employment or other written agreement between the Company or a subsidiary of the Company and the Participant, (b) in the event there is no written or other applicable employment or other agreement between the Company or a subsidiary of the Company or "good reason" (or any similar term) is not defined in such agreement, "good reason" as such term is defined in the Award Agreement or (c) in the event neither (a) nor (b) apply, then "Good Reason" shall mean (i) any material diminution in the Participant's title, duties, authority or responsibility, (ii) any material reduction in the Participant's base salary or, if applicable, target bonus opportunity, (iii) any relocation of the Participant's primary place of employment to a location which is more than 100 kilometres from his or her then current primary place of employment, (iv) any material breach by the Company or a subsidiary of the Company of any employment agreement or other material agreement between the Company or a subsidiary of the Company provided that (A) the Participant has given the Company written notice describing the particular circumstances giving rise to good reason within 30 days after first learning of such circumstances, (B) the Company or a subsidiary of the Company, as applicable, has not cured the good reason circumstances described in such notice within 30 days of receiving the notice and (C) the Participant ceases employment within 30 days after the end of the cure period.

Non-Transferability of Awards

Subject to certain exceptions provided under the Omnibus Equity Incentive Plan, and unless otherwise provided by the Plan Administrator, and to the extent that certain rights may pass to a beneficiary or legal representative upon death of a participant, by will or as required by law, no assignment or transfer of awards granted under the Omnibus Equity Incentive Plan, whether voluntary, involuntary, by operation of law or otherwise, is permitted.

Amendments to the Omnibus Equity Incentive Plan

The Plan Administrator may also from time to time, without notice and without approval of the holders of voting shares, amend, modify, change, suspend or terminate the Omnibus Equity Incentive Plan or any awards granted pursuant thereto as it, in its discretion, determines appropriate, provided that (a) no such amendment, modification, change, suspension or termination of the Omnibus Equity Incentive Plan or any award granted pursuant thereto may materially impair any rights of a holder or materially increase any obligations of a holder under the Omnibus Equity Incentive Plan without the consent of such holder, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable securities laws or stock exchange requirements, and (b) any amendment that would cause an award held by a U.S. Taxpayer (as such term is defined in the Omnibus Equity Incentive Plan) to be subject to the additional tax penalty under Section 409A(1)(b)(i)(II) of the United States Internal Revenue Code of 1986, as amended, shall be null and void ab initio unless the consent of the U.S. Taxpayer is obtained.

Notwithstanding the above and subject to the rules of the TSX, the approval of Shareholders is required to effect any of the following amendments to the Omnibus Equity Incentive Plan:

- (a) increasing the number of Common Shares reserved for issuance under the Omnibus Equity Incentive Plan, except pursuant to the provisions in the Omnibus Equity Incentive Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;
- (b) increasing or removing the 10% limits on Common Shares issuable or issued to insiders;
- (c) reducing the exercise price of an award except pursuant to the provisions in the Omnibus Equity Incentive Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;
- (d) extending the term of an award beyond the original expiry date (except in connection with a black-out period as described above);
- (e) permitting an award to be exercisable beyond 10 years from the date of grant (except in connection with a black-out period as described above);
- (f) increasing or removing the limits on the participation of non-employee directors;
- (g) permitting awards to be transferred to a person;
- (h) changing the eligible participants; or
- (i) deleting or otherwise limiting the amendments which require approval of the shareholders.

Except for the items listed above, amendments to the Omnibus Equity Incentive Plan will not require shareholder approval. Such amendments include: (a) amending the general vesting provisions of each award, (b) amending the provisions for early termination of awards in connection with a termination of employment or service, (c) adding covenants of the Company for the protection of the participants, (d) amendments that are desirable as a result of changes in law in any jurisdiction where a participant resides, and (e) curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

EXECUTIVE COMPENSATION¹

The following table provides a summary of total compensation earned during each of the 12 month periods ended December 31, 2019, December 31, 2018 and December 31, 2017, respectively, by the Company's President and Chief Executive Officer and Chief Financial Officer, and each of the three other most highly compensated executive officers of the Company who were serving as such as at December 31, 2019 and whose total compensation was, individually, more than CDN\$150,000 (the "**Other Executive Officers**") and each other individual who would have been an Other Executive Officer but for the fact that such individual was neither serving as an executive officer, nor acting in a similar capacity, as at December 31, 2019 (hereinafter, collectively, referred to as the "**Named Executive Officers**") for services rendered in all capacities during such period. The Company does not have any pension plan or incentive plans (whether equity or non-equity based) other than the Stock Option Plan, executive incentive bonus program (the "**EIB**") and the Restricted Unit Plan (the "**RSU Plan**").

(1) ¹The Company reports its financial results in US dollars. However, compensation paid to the Named Executive Officers is paid in American or Canadian currency. For the purpose of the "Executive Compensation" section of this Circular, and in accordance with s.1.3(a) of Form 51-102F6, compensation for all three years is reported in Canadian dollars. The exchange rates used for disclosure for fiscal for fiscal 2017 is \$1 = CDN\$1.2908; for fiscal 2018 is US\$1 = CDN\$1.29580 and for fiscal 2019 is US\$1 = CDN\$1.3270.

SUMMARY COMPENSATION TABLE									
Name and Principal Position of Named Executive Officer	Year	Salary ⁽¹⁾ CDN\$	Share-Based Awards CDN\$	Option Based Awards ⁽²⁾ CDN\$	Non-Equity Incentive Plan Compensation CDN\$		Pension Value	All Other Compensation ⁽⁴⁾	Total Compensation CDN\$
					Annual Incentive Plans ⁽³⁾	Long-Term Incentive Plans			
Dominic Duffy ⁽⁵⁾ President and Chief Executive Officer	2019	414,000	NIL	127,611	349,586 ⁽⁶⁾	NIL	NIL	4,500	895,697
	2018	378,359	NIL	130,865	NIL	NIL	NIL	4,500	513,724
	2017	322,700	NIL	84,804	100,353	NIL	NIL	4,500	512,357
Nick Dwyer ⁽⁷⁾ Chief Financial Officer	2019	250,000	NIL	43,656	120,774 ⁽⁸⁾	NIL	NIL	4,500	418,930
	2018	94,086	NIL	39,015	NIL	NIL	NIL	4,500	137,601
Belinda Labatte Chief Development Officer	2019	309,400	NIL	44,866	146,885 ⁽⁹⁾	NIL	NIL	4,500	505,651
	2018	309,400	NIL	57,139	NIL	NIL	NIL	4,500	371,039
	2017	291,550	NIL	50,131	43,042	NIL	NIL	4,500	389,223

Notes:

- (1) This column discloses the actual compensation earned during the fiscal year indicated.
- (2) The option-based award sets out the Black-Scholes value of the options granted in its respective year. The value has been calculated using the same basis as disclosed in the notes to the Company's audited financial statements for the applicable year. The option-based awards vest 1/3rd on each of the first, second and third anniversary of the grant date for options issued in 2019, 2018 and 2017.
- (3) In 2018, the Board deferred the payment of EIB for year ended December 31, 2017 (the "2017 EIB") due to its then financial position. With the completion of the financing in 2019 (please refer to the Company's press release dated March 29, 2019) the Board approved the payout of the 2017 EIB and the EIB payout for the year ended December 31, 2018 (the "2018 EIB").
- (4) All other compensation includes annual health spending benefits.
- (5) On May 14, 2018, Mr. Duffy transitioned from Chief Operating Officer of the Company to President and Chief Executive Officer. Mr. Duffy was not paid any compensation for his role as a director.
- (6) Mr. Duffy's received CDN\$91,390 for deferred 2017 EIB and CDN\$258,196 for 2018 EIB that was approved by the Board and paid in 2019.
- (7) On August 15, 2018, Mr. Dwyer transitioned from Group Financial Controller of the Company to Chief Financial Officer.
- (8) Mr. Dwyer received CDN\$26,111 for deferred 2017 EIB and CDN\$94,663 for 2018 EIB that was approved by the Board and paid in 2019.
- (9) Ms. Labatte received CDN\$52,222 for deferred 2017 EIB and CDN\$94,663 for 2018 EIB that was approved by the Board and paid in 2019.

Named Executive Officer Outstanding Option-Based Awards

The table below reflects all option-based awards for each Named Executive Officer outstanding as at December 31, 2019 (including option-based awards granted to a Named Executive Officer before such fiscal year). As at December 31, 2019, the Company did not have any other equity incentive plans other than the Stock Option Plan. The RSU Plan is reserved for non-executive directors.

Name of Named Executive Officer	Number of Securities Underlying Unexercised Options	Option Exercise Price (CDN\$/Security)	Option Expiration Date	Value of Unexercised In-the-Money Options (CDN) ⁽¹⁾
Dominic Duffy President and Chief Executive Officer	30,000	9.10	March 24, 2020	NIL
	35,000	9.10	March 23, 2021	NIL
	40,000	6.00	June 30, 2024	NIL
	137,500	2.00	June 30, 2025	NIL
	180,000	1.10	June 30, 2026	NIL
Nick Dwyer Chief Financial Officer	10,000	9.10	March 24, 2020	NIL
	15,000	9.10	March 23, 2021	NIL
	20,000	6.00	June 30, 2024	NIL
	25,000	2.00	June 30, 2025	NIL
	80,000	1.10	June 30, 2026	NIL
Belinda Labatte Chief Development Officer	20,000	9.10	March 24, 2020	NIL
	23,800	9.10	March 23, 2021	NIL
	25,000	6.00	June 30, 2024	NIL
	35,000	2.00	June 30, 2025	NIL
	60,000	1.10	June 30, 2026	NIL

Notes:

- (1) This column contains the aggregate value of in-the-money unexercised options as at December 31, 2019, calculated based on the difference between the market price of the Common Shares underlying the options as at the close of day on December 31, 2019, being CDN\$1.08, and the exercise price of the options.

The table below provides information with respect to compensation plans under which equity securities of the Company were authorized for issuance as at December 31, 2019.

Plan Category	Securities to be issued upon Exercise of Outstanding Option Rights (#)	Weighted-Average Exercise Price of Outstanding Options (\$/Security)	Securities remaining Available for future issuance under Equity Compensation Plans (#) ⁽¹⁾
Equity compensation plans approved by security holders			
Stock Option Plan	1,808,800	4.43	-
RSUs	316,883	N/A	-
Equity compensation plans not approved by securities holders	NIL	NIL	NIL
Total	2,125,683	4.43	6,982,384

Notes:

- (1) The maximum aggregate number of Common Shares issuable under the Stock Option Plan and the RSU Plan is 10% of the outstanding Common Shares.

The table below reflects the annual burn rate calculated in accordance with s. 613(d) of the TSX Company Manual, of each of the Company's security-based compensation arrangements for each of the 12 month periods ended December 31, 2019, December 31, 2018 and December 31, 2017, respectively. The burn rate for each year is calculated

as the number of Options or RSUs issued in such year divided by the average number of Common Shares outstanding for such year.

	2019 Burn Rate	2018 Burn Rate	2017 Burn Rate
Stock Option Plan	0.71%	1.30%	1.06%
RSU Plan	0.20%	0.35%	0.11%

Incentive Award Plans

The table below provides information concerning the incentive award plans of the Company with respect to each Named Executive Officer during the fiscal year ended December 31, 2019.

Name of Named Executive Officer	Option-Based Awards – Value Vested During Year Ended December 31, 2019 (CDN\$)	Non-Equity Incentive Plan Compensation – Value Earned During Year Ended December 31, 2019 (CDN\$) ⁽¹⁾
Dominic Duffy	NIL	349,586
Nick Dwyer	NIL	120,774
Belinda Labatte	NIL	146,885

Notes:

(1) The non-equity incentive plan compensation amounts set out in this column represent EIB payments received in 2019 based on 2018 and 2017 performance.

The only equity incentive award plan of the Company under which awards were made to Named Executive Officers during the 2019 fiscal year was the Stock Option Plan. The RSU Plan was reserved for non-executive directors. For a description of the material terms of the Stock Option Plan, please refer to “Renewal of the Company’s Stock Option Plan – Summary of the Stock Option Plan” in the Company’s management information circular dated April 11, 2017. For a description of the RSU Plan, please refer to “Ratification of the Company’s Restricted Share Unit Plan – Description of the RSU Plan” in the Company’s management information circular dated April 11, 2017. For a description of the material terms of the non-equity incentive plan compensation, see “Compensation Discussion and Analysis – Annual Bonuses” in this Circular.

Compensation Discussion and Analysis

Introduction

The Compensation Discussion and Analysis section of this Circular sets out the objectives of the Company’s executive compensation arrangements, the Company’s executive compensation philosophy and the application of this philosophy to the Company’s executive compensation arrangements.

Compensation Committee

In August 2010, the Company established the Compensation, Corporate Governance and Nominating Committee (as such committee relates to compensation matters, the “**Compensation Committee**”) to assist the Board with compensation, corporate governance and nominating matters. The Compensation Committee is responsible for oversight on, among other things:

- recruitment, development and retention of senior management;
- appointment, performance evaluation and compensation of senior management;

- succession, planning systems and processes relating to senior management; and
- compensation structure for the Board and senior management;

Adjustments in salary are reviewed by the Compensation Committee and recommended for approval to the Board.

The Compensation Committee is currently comprised of three members: Peter R. Jones, Robert Doyle and Amy Freedman. All members are considered “independent” in accordance with the definition set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”).

Relevant Education and Experience

Peter R Jones - Director

Mr. Jones has more than 15 years of experience as a senior executive and has served as CEO of both senior and junior mining companies where establishing compensation at all levels of the organization was one of his key roles. Currently, Mr. Jones is a member of the compensation committee for Victory Nickel Inc. and Rubicon Minerals Company. Previously, Mr. Jones was on the compensation committee of Augyva Mining Resources Inc., Medusa Mining Limited and Adanac Molybdenum Company. With more than 40 years of experience in the mining business, Mr. Jones has an in-depth understanding of the industry and is comfortable structuring compensation packages which are appropriate in light of Mandalay’s objectives and risk tolerances.

Robert Doyle - Director

Mr. Doyle has over 40 years of experience in all facets of international resource exploration, development and production. Currently, Mr. Doyle serves as a director of Golden Star Resources Ltd and Caldas Gold Corp. He was Chief Executive Officer of Medoro Resources Limited until October 2009 and was Executive Vice President prior to that. Previously, Mr. Doyle was Chief Financial Officer of a number of companies including Pacific Stratus Energy Corp., Coalcorp Mining Inc., Bolivar Gold Corp. and HMZ Metals Inc., Lac Minerals and Falconbridge Limited. In addition, he was previously a gold market analyst at RBC Capital Markets and Credit Suisse First Boston. Mr. Doyle holds CPA, CA and C.Dir designations and graduated with an HBA in Business Administration from the Ivey School of Business, University of Western Ontario.

Amy Freedman - Director

Ms. Freedman is CEO at Kingsdale Advisors, a firm that specializes in corporate governance and shareholder advisory matters with a focus on proxy battles and hostile takeovers. Prior to Kingsdale, Ms. Freedman spent over 14 years as a capital markets professional with various roles within investment banking both in the US and Canada. Ms. Freedman obtained her JD/MBA from the University of Toronto.

Philosophy

The Company believes that recruiting and retaining skilled and experienced executives is critical to the Company’s success and to delivering value to shareholders. When determining compensation arrangements for Named Executive Officers, the following objectives are considered: (i) providing fair and competitive compensation; (ii) balancing the interests of management and shareholders; (iii) rewarding executive officers for superior corporate performance relative to objectives pre-approved by the Board; (iv) reflecting the Company’s past performance and current state of development; and (v) be commensurate with the Company’s financial ability to remunerate Named Executive Officers.

Compensation serves to attract and retain the right talented people, influence thinking, behavior and action towards desired results and align with shareholder value creation. Ultimately, the Company strives to create the “experience of personal satisfaction that comes with high performance and recognition” in alignment with these values for its employees.

Benchmarking

In determining the compensation level for each Named Executive Officer, management and the Compensation Committee considers and balances factors such as the relative complexity of the executive’s role within the

organization; the executive’s experience, performance and potential for future advancement; and ranges of pay across its peer group. While compensation consultants have historically been engaged to provide input, no such compensation consultant was retained to determine compensation practices for the year ended 2019. Part of the Compensation Committee’s objective is to establish compensation levels that are fair and reasonable, based in part on benchmarking against similar companies, but offering significant incentive for above-average performance.

In determining the Company’s benchmarking peer group, the Compensation Committee considered the following primary factors (not necessarily in order of significance): industry, location of company headquarters, total revenue and market capitalization.

The following are the comparable companies that comprised the peer group for the purposes of determined director and executive officer compensation in 2019: Premier Gold Mines Limited, Gran Colombia Gold Corp., Calibre Mining Corp., Great Panther Limited, Jaguar Mining Limited, Robex Resources Inc., TMAC Resources Inc., Alio Gold Inc., Superior Gold Inc., Dynacor Gold Mines Inc., Orvana Minerals Corp.

Compensation Consultant

The Compensation Committee retained Phase 5 Advisors Inc. (“**Phase 5**”) in 2019 and 2018 to provide independent advice to the Committee. Phase 5 assisted the Compensation Committee in reviewing executive officer and director compensation. The following table sets forth, by category, the aggregate fees billed by Phase 5.

	Fiscal Year Ended December 31, 2019 (CDN\$)	Fiscal Year Ended December 31, 2018 (CDN\$)
Executive compensation-related fees	4,633	44,748
All Other Fees	NIL	NIL
Total	4,633	44,748

Elements of Compensation

The compensation paid to the Named Executive Officers in any year consists of three primary components:

- (a) base salary;
- (b) short-term incentives in the form of annual cash bonuses; and
- (c) long-term incentives in the form of stock options.

The key features of these three primary components of compensation are as follows:

Base Salary

Base salary recognizes the value of an individual to the Company based on his or her role, skill, experience, performance, leadership and potential. It is critical in attracting and retaining executive talent in the markets in which the Company competes for talent. Base salaries for the Named Executive Officers, and other key employees, are reviewed by the Compensation Committee annually. Any change in base salary of a Named Executive Officer is generally determined by an assessment of such executive’s performance, a review of the performance of the Company as a whole and the role the executive officer played in corporate performance, as well base salaries at peer companies for comparable positions to the Named Executive Officer.

Annual Bonuses (Short Term Incentive Plan)

Commencing in the year ending December 31, 2013, executives of the Company and superintendents of each operation became eligible to receive annual cash bonuses based on financial and operating targets pre-approved each year by the Board. This form of short-term incentive motivates executives to achieve annual objectives each year that support sustainable delivery of shareholder value in alignment with our corporate values and key success variables.

Employees of the Company serving in positions designated “Vice-President” or higher, including mine site general managers and senior officers or executives of the Company approved by the Board (each a “**Participant**” and collectively, the “**Participants**”), are eligible to participate in the EIB. In addition, General Managers and their direct reports are eligible to participate in a Superintendents Incentive Bonus plan (“**SIB**”), the operational targets for which are aligned with the EIB targets also pre-approved and reviewed by the Board.

The table below sets out actual performance against EIB targets that were approved by the Board in February 2020 for the year ended December 31, 2019. If the target for any particular metric was not achieved, no amount was added to the bonus pool in respect of such metric; however, the Compensation Committee did recommend an exception to the Board. In particular, the Compensation Committee reviewed the 2019 Reserves targets and provided discretionary approval for the full payment of replacing reserves because reduction was related to reclassification of open pit cut-off grade and not loss of material.

In February 2020, the Board approved a total EIB payout of US\$869,000 on recommendation from the Compensation Committee.

Metric	2019 EIB Target	Weight	Actual 2019	Achieved or Not
Production, Cost, Financial				
Deliver higher than budget production (Au Eq. oz) ⁽¹⁾	>97,866	20%	76,659	No
Achieve under budget total company operational costs	< \$82.4m	15%	\$82.2m	Yes
Achieve under budget total company capital costs	< \$42.5m	20%	\$38.0m	Yes
Reserves				
At least replace 2019 mining depletion (Au Eq. oz of added P&P) ⁽²⁾	Replace	10%	Consolidated net 4k oz reduction. The consolidated position would be net 31k oz positive, without the Björkdal open pit reduction (35k oz).	Yes
At least double 2019 mining depletion of (Au Eq. oz of added P&P) ⁽²⁾⁽³⁾	Double	10%	No	No
Safety				
Achieve less than corporate average LTIFR thru Dec 2018 (to adjust year end)	6.2	15%	10.7	No
If any fatalities occur	0	-15%	N	No
Environment, Permitting & Closure				
Total cost of 2019 environ. incident fines & remediation	<\$10k	4%	Yes	Yes

Metric	2019 EIB Target	Weight	Actual 2019	Achieved or Not
Sites deliver their permits/ licence/ surface access agreements/closure goals Cerro Bayo = 1% Björkdal = 1% Costerfield = 1%	Delivered	3%	Yes	Yes
Community Relations				
All 3 mines formulate and complete 2019 employee survey and implement community action plan approved by CEO	Completed	3%	Yes	Yes
Total Bonus Achieved				55%

Notes:

- (1) Gold ounce equivalent production is calculated by multiplying the saleable quantities of gold, and antimony in the period by the respective average market prices of the commodities in the period, adding the three amounts to get a “total contained value based on market price”, and then dividing that total contained value by the average market price of gold in the period. Average gold price in the period is the average of the monthly LME PM fix and average antimony price is the average of the monthly high and low Rotterdam warehouse prices all reported in www.metalbulletin.com. The monthly commodity prices are calculated as the average of the daily prices, with holiday and weekend day prices carried forward from the last business day.
- (2) For corporate level Participants includes Reserves added via acquisition.
- (3) Defined as tonnes mined in the year divided by tonnes of Proven Reserves as of the end of the year.

For the year ended December 31, 2020, the aggregate amount payable to Participants under the EIB will be determined based on whether the Company achieves certain performance targets approved by the Board in February 2020. The EIB plan covers all the factors that drive success for the company over the short, medium and long term. It reflects how the Board measures success. The Board decided to allocate 10% of the 2020 EIB targets to personal objectives to boost individual performance and the balance (90%) to corporate objectives aligned with Mandalay’s business strategy. All bonus metrics and targets are subject to adjustment by the Board in its discretion in the event of any significant change in the Company’s profile or operations. The table below outlines the performance targets for the year ended December 31, 2020:

Metric	2020 EIB Target	Weight
Production, Cost, Financial		
Deliver at or higher than budget production (Au Eq. oz) ⁽¹⁾	101,240	20.0%
Achieve at or under total company budget operational costs ('000)	\$86,445	15.0%
Achieved or under total company budget capital costs ('000)	\$41,307	20.0%
Reserves		
Replace Au Eq. Depletion in reserves ⁽²⁾		10.0%
Double Au Eq. Depletion in reserves or significant exploration discovery, determined by board ⁽²⁾⁽³⁾		10.0%
Safety		
Achieve less than corporate average LTIFR thru Dec 2019	11.1	15.0%
If any fatalities occur		-15.0%
Personal Targets / Goals		
3-4 individual targets or goals		10.0%
Total Bonus Available		100%

Stock Option Awards (Long Term Incentive Plan)

The Company provides long-term incentives to the Named Executive Officers and other key employees in the form of Options pursuant to its Stock Option Plan. The Board believes that stock option grants serve the Company's executive compensation philosophy by: (i) helping attract, retain, and motivate talent; (ii) aligning the interests of the Named Executive Officers with total shareholder return by linking a specific portion of the Named Executive Officers' total pay to share price appreciation; and (iii) providing long-term accountability for Named Executive Officers. Stock options that are granted to the Named Executive Officers take into account a number of factors, including the amount and term of options previously granted, base salary and any competitive factors. Options granted in or after 2012 have a vesting period of three years from the grant date, and five years to expiry. Grants of Options to the Named Executive Officers are reviewed and approved annually by the Compensation Committee and the Board.

Financial Instruments

The Company's compensation program prohibits a Named Executive Officer or a director from purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by a Named Executive Officer or director.

Compensation Related Risk

The Board and as applicable, the Compensation Committee, consider and assess, as necessary, risks relating to compensation prior to entering into or amending employment contracts with Named Executive Officers and when setting the compensation for directors. The Board and the Compensation Committee believe that the Company's compensation policies and practices are appropriate for its industry and stage of business and that such policies and practices do not have risks associated with them that are reasonably likely to have a material adverse effect on the Company or which would encourage a Named Executive Officer to take inappropriate or excessive risks. The Compensation Committee will continue to review the Company's compensation policies, including its compensation-related risk profile, as necessary, to ensure its compensation policies and practices are not reasonably likely to have a material adverse effect on the Company or encourage a Named Executive Officer to take any inappropriate or excessive risks.

The Compensation Committee regularly reviews and recommends to the Board for approval compensation and adjustments to compensation for Named Executive Officers, including equity compensation. Targets for all compensable activities are set by the Compensation Committee taking into account risk and potential for achievement. While risk of production and financial loss is a key element of all compensation, safety and environmental compliance is also an integral measure and compensation item. Management success with achieving safety, environmental, production cost and financial targets and compliance with budget is reported and reviewed monthly. Significant variations from budget are, when necessary, reviewed in-depth.

Management Contracts and Termination

Effective May 11, 2017, the Company entered into an employment agreement with Dominic Duffy in respect of his services as Chief Operating Officer of the Company. Under the terms of the contract, the Company pays Mr. Duffy an annual base salary of US\$250,000 and reimburses certain expenses incurred by Mr. Duffy in connection with his duties under the agreement. On May 14, 2018, the Board approved the promotion of Dominic Duffy from Chief Operating Officer to President & Chief Executive Officer. In connection with Mr. Duffy assuming the role of President & Chief Executive Officer, his annual compensation was increased to CDN\$414,000. In the event of termination without just cause or resignation with good reason, Mr. Duffy is entitled to reasonable notice or compensation in lieu of notice as provided by statute and/or common law. In the event of termination due to change of control, in lieu of the above, Mr. Duffy is entitled to receive a lump sum payment equal to two (2) times his base salary as at the date of termination. Mr. Duffy would have been entitled to a lump sum payment of CDN\$828,000 if his employment was terminated as of December 31, 2019 following a change of control of the Company. If employment terminated due to death, incapacity, change of control, without just cause or resignation without good reason, all unvested stock options held by Mr. Duffy shall be automatically vested and become exercisable.

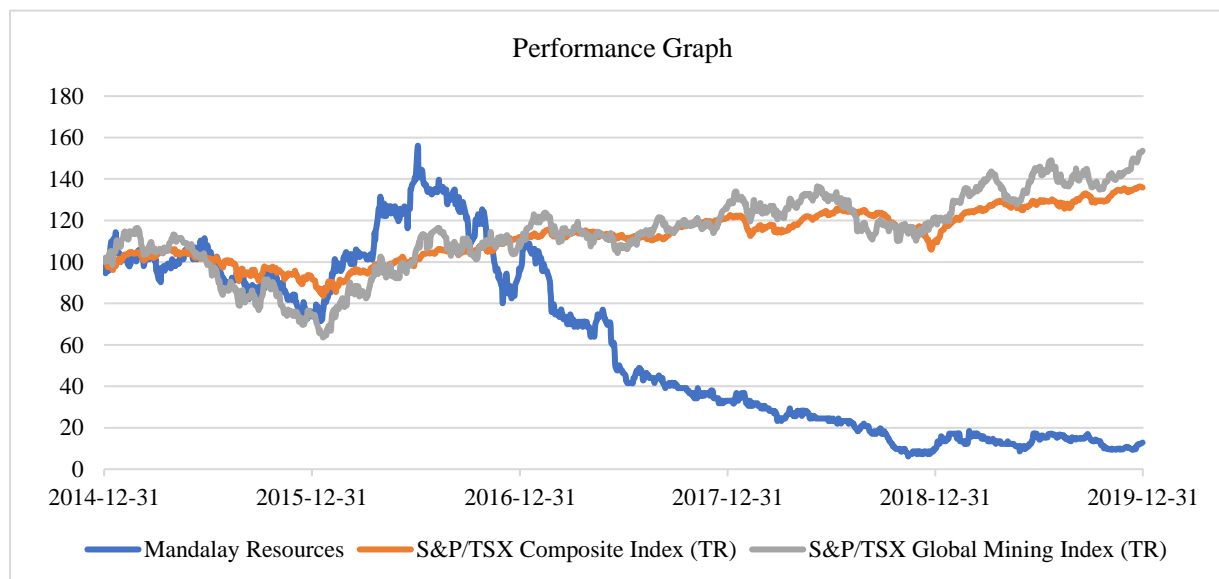
Effective May 11, 2017, the Company entered into an employment agreement with Belinda Labatte in respect of her services as Chief Development Officer of the Company. Under the terms of the contract, the Company pays Ms.

Labatte an annual base salary of CDN\$309,400 and reimburses certain expenses incurred by Ms. Labatte in connection with her duties under the agreement. In the event of termination without just cause or resignation with good reason, Ms. Labatte is entitled to reasonable notice or compensation in lieu of notice as provided by statute and/or common law. In the event of termination due to change of control, in lieu of the above, Ms. Labatte is entitled to receive a lump sum payment equal to two (2) times her base salary as at the date of termination. Ms. Labatte would have been entitled to a lump sum payment of CDN\$618,800 if her employment was terminated as of December 31, 2019 following a change of control of the Company. If employment is terminated due to death, incapacity, change of control, without just cause or resignation without good reason, all unvested stock options held by Ms. Labatte shall be automatically vested and become exercisable.

Effective August 16, 2018, the Company entered into an employment agreement with Nick Dwyer in respect of his services as Chief Financial Officer of the Company. Under the terms of the contract, the Company pays Mr. Dwyer an annual base salary of CDN\$250,000 and reimburses certain expenses incurred by Mr. Dwyer in connection with his duties under the agreement. In the event of termination without just cause or resignation with good reason, in lieu of the above, Mr. Dwyer is entitled to reasonable notice or compensation in lieu of notice as provided by statute and/or common law. In the event of termination due to change of control, in lieu of the above, Mr. Dwyer is entitled to receive a lump sum payment equal to two (2) times his base salary as at the date of termination. Mr. Dwyer would have been entitled to a lump sum payment of CDN\$500,000 if his employment was terminated as of December 31, 2019 following a change of control of the Company. If employment is terminated due to death, incapacity, change of control, without just cause or resignation without good reason, all unvested stock options held by Mr. Dwyer shall be automatically vested and become exercisable.

Performance Graph

The graph below compares the Company’s cumulative total shareholder return, including dividends, (assuming an investment of \$100 on December 31, 2014) on its Common Shares during the period from January 1, 2015 to December 31, 2019, with the S&P/TSX Composite Index and S&P/TSX Global Mining Index (Total Return):



The compensation paid to the Company’s Named Executive Officers is not contingent upon the performance of the Company’s Common Shares on the TSX except to the extent that the share price impacts the Named Executive Officers’ valuation as determined within the Stock Option Plan. Therefore, the Named Executive Officers’ compensation may not directly compare to the trend shown in the performance graph.

Compensation of Directors

Annual retainers paid to the Company’s directors are shown in the chart below. In addition, directors are reimbursed for travel and related expenses.

	Director Fees For Year-ended December 31, 2019 (CDN\$)⁽¹⁾
Board of Directors Chair Fee	10,000
Board Member Fee	50,000
Audit Committee Chair Fee	10,000
Compensation, Corporate Governance and Nominating Committee Chair Fee	10,000
Safety, Health and Environmental Committee Chair Fee	10,000
Committee Member Fee	5,000
Board member RSU grant ⁽²⁾	\$50,000 equivalent

Notes:

- (1) Executive directors do not receive any compensation for their role as a director.
- (2) The number of RSU units granted will be calculated based on volume weighted average trading price of the Common Shares over the five days preceding the grant date. The RSUs vest 1/3rd on each of the first, second and third anniversary of the grant date.

Individual Director Compensation for Fiscal Year Ended December 31, 2019

The table below provides a summary of all amounts of compensation paid to the directors of the Company during the fiscal year ended December 31, 2019.

Name ⁽¹⁾	Fees Earned (CDN\$)	Option-Based Awards (CDN\$)	RSU-Based Awards (CDN\$)	Non-Equity Incentive Plan Compensation (CDN\$)	All Other Compensation (CDN\$)	Total (CDN\$)
Bradford A. Mills ⁽²⁾	70,000	NIL	11,129	NIL	238,860	319,989
Abraham Jonker	55,000	NIL	54,386	NIL	NIL	109,386
Amy Freedman	60,000	NIL	54,340	NIL	NIL	114,340
Peter R. Jones	65,000	NIL	54,386	NIL	NIL	119,386
Robert Doyle	65,000	NIL	54,386	NIL	NIL	119,386
Terrell Ackerman ⁽³⁾	31,806	NIL	10,078	NIL	NIL	41,884

Notes:

- (1) Mr. Duffy was not paid any compensation for serving as a director of the Company.
- (2) Mr. Mills receives a monthly fee of US\$15,000 as an independent contractor to the Company. All of Mr. Mills' options and RSUs were cancelled on March 21, 2019 in connection with CE Mining's participation in the financing transaction that was completed on February 20, 2019. The exchange rate used for disclosure is \$1 = CDN\$1.3270.
- (3) Mr. Ackerman was appointed as a director on June 18, 2019.

Director Incentive Award Plans - Restricted Share Unit

The Company provides long-term incentives to the non-executive directors in the form of RSUs pursuant to its Restricted Share Unit Plan. The Board believes that RSUs (i) align the interests of the non-executive directors with shareholders of the Company, (ii) reward non-executive directors of the Company for their sustained contributions to the Company, and (iii) assist in attracting, retaining and motivating non-executive directors to the Company. RSUs that are granted to the non-executive directors take into account a number of factors, including the amount and term of RSUs previously granted. Grants of RSUs are reviewed by the Compensation Committee annually. The RSUs vest 1/3rd on each of the first, second and third anniversary of the grant date.

The table below provides information concerning the RSUs of the Company with respect to each director of the Company during the fiscal year ended December 31, 2019. The only incentive award plan of the Company under which awards have been made to non-executive directors during the fiscal year ended December 31, 2019 was the RSU Plan.

Name ⁽¹⁾	Option-Based Awards – Value Vested or Earned During Fiscal Year Ended December 31, 2019 (CDN\$)⁽²⁾	RSU-Based Awards – Value Vested or Earned During Fiscal Year Ended December 31, 2019 (CDN\$)	Non-Equity Incentive Plan Compensation – Value Vested or Earned During Fiscal Year Ended December 31, 2019 (CDN\$)
Bradford A. Mills ⁽³⁾	NIL	NIL	NIL
Abraham Jonker	NIL	16,666	NIL
Amy Freedman	NIL	16,666	NIL
Peter R. Jones	NIL	16,666	NIL
Robert Doyle	NIL	16,666	NIL
Terrell Ackerman	NIL	NIL	NIL

Notes:

- (1) Mr. Duffy was not paid any compensation for serving as a director of the Company.
- (2) Represents the difference between the market price of the Common Shares that vested and the exercise price of the options on the applicable vesting date.
- (3) Mr. Mills was granted 400,000 stock options in May 2017 and a monthly fee of US\$15,000 for his role as an independent contractor to the Company. All of Mr. Mills' options and RSUs were cancelled on March 21, 2019 in connection with CE Mining's participation in the financing transaction that was completed on February 20, 2019.

STATEMENT OF CORPORATE GOVERNANCE MATTERS

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 - *Corporate Governance Guidelines* (“**NP 58-201**”) establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but may be used by issuers in developing their own corporate governance practices.

Pursuant to NI 58-101, the Company has summarized its corporate governance practices below. The Board recognizes that the Company's corporate governance policies, procedures and practices cannot be static and that further refinements may be necessary as applicable legal and regulatory requirements and the Company's circumstances evolve. The Board will continue to monitor the Company's corporate governance policies, procedures and practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

Living Our Values

Mandalay's mission is to build a long-lived, values-based and value-focused organization that is founded on safe and efficient work practices, continuous improvement, fiscal responsibility, and effective community relationships. Mandalay believes in Living Our Values and balancing outcomes and processes.

SAFETY - Safety is paramount in all our decisions and actions, we proactively protect people and property.

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

RESPONSIBILITY - We are responsible for our actions and their consequences, we operate with social and environmental responsibility and promote sustainable development.

EXCELLENT PERFORMANCE & INNOVATION - We encourage excellence in everything we do, we create an environment where ideas and innovative methods to improve our processes and results are encouraged.

VALUE CREATION - We aim to seek and seize every opportunity to create more value with our resources.

AGILITY - We continuously seek out new opportunities and rapidly respond to new challenges.

Board of Directors

The Board is currently comprised of seven directors: Abraham Jonker, Amy Freedman, Bradford A. Mills, Dominic Duffy, Peter R. Jones, Robert Doyle and Terrell Ackerman. All of the aforementioned directors are proposed to be nominated as directors at the Meeting. The Charter of the Board is set out in Schedule B hereto and can be viewed on the Company's website at www.mandalayresources.com.

NP 58-201 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as independent directors, within the meaning set out under National Instrument 52-110 Audit Committees ("**NI 52-110**"), which provides that a director is independent if he or she has no direct or indirect "material relationship" with the company. "Material relationship" is defined as a relationship which could, in the view of a company's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

The majority of the directors of the Board are independent, except Bradford Mills, Terrell Ackerman and Dominic Duffy. Mr. Mills is not considered independent because he receives consulting fees from the Company and because he has served as an executive officer of the Company within the past three years. Mr. Ackerman was appointed to the Board on June 18, 2019 as a nominee of CE Mining Fund III L.P. ("**CE Mining**"), an investment fund advised by Plinian Capital LLP, which is controlled by Bradford Mills, Chairman of the Board. The remaining directors are considered to be independent directors since they are all independent of management and free from any material relationship with the Company. The basis for this determination is that, since the beginning of the fiscal year ended December 31, 2015, none of the independent directors have worked for the Company, received remuneration from the Company (other than in their capacity as directors) or had material contracts with or material interests in the Company which could interfere with their ability to act with a view to the best interests of the Company.

The Chair of the Board, Bradford Mills, is not an independent director. Accordingly, the Board has appointed Abraham Jonker as lead independent director (the "**Lead Director**"). The role of the Lead Director includes, among other things, (i) organizing and presiding over *in camera* or other meetings of the independent directors and taking the lead in establishing the agenda for such meetings, and (ii) serving as the principal liaison between the independent directors and the Chair on matters where the Chair may be conflicted.

The Lead Director meets with all the non-executive directors of the Company for "in-camera" sessions scheduled after every meeting of the Board. The executive directors and members of management are not in attendance for these in-camera sessions.

Board and Committee Meetings and Attendance

The chart below sets out details regarding attendance of the directors and the Board and committee meetings during 2019:

Director Name	Board	Audit Committee	Compensation, Corporate Governance and Nominating Committee	Safety, Health, Environmental and Community Committee	Special Committee	Total	
	Meetings Attended	Meetings Attended	Meetings Attended	Meetings Attended	Meetings Attended	Meetings Attended	Overall % Attendance
Bradford A. Mills	13/14	-	-	3/3	-	16/17	94%
Abraham Jonker	12/14	4/4	-	-	7/7	23/25	92%
Amy Freedman	14/14	4/4	2/2	-	6/7	26/27	96%
Dominic Duffy	14/14	-	-	-	-	14/14	100%
Peter R. Jones	14/14	-	4/4	3/3	7/7	28/28	100%
Robert Doyle	14/14	4/4	4/4	-	7/7	29/29	100%
Terry Ackerman	7/7	-	-	2/2	-	9/9	100%

Skills and Experience

The following matrix sets out the skills and expertise that the Board considers important in fulfilling its oversight role in respect of the Company and the specific skills and expertise of each director nominee. It reflects the current strengths of the Board as a whole following an exercise with the Board to review and determine the strengths and weaknesses of the Board.

The Board has satisfied itself that the skills and expertise needed for oversight of the Company's strategic design and other processes are represented in the skills matrix and in the search for a new director, candidates will be reviewed in the context of the required skills to provide effective oversight. The specific skills and expertise are categorized into the following four areas, which align with the Company's strategy and long term vision: (i) strategic design; (ii) operational processes; (iii) stakeholder engagement; and (iv) scalability and infrastructure.

The matrix is reviewed at least once annually to (i) identify and evaluate the competencies and skills of its members based on the individual experience and background of each director and (ii) identify areas for strengthening the Board, if any, which will be addressed through the recruitment of new members. In assessing future Board candidates, in addition to the skills and expertise highlighted in the matrix, diversity is equally important.

	Abraham Jonker	Amy Freedman	Bradford A. Mills	Dominic Duffy	Peter Jones	Robert Doyle	Terrell Ackerman
Strategic Design							
Mining Industry Global Strategic Planning	✓		✓	✓	✓	✓	✓
Safety Program Development & Public and Industrial Health			✓	✓	✓		✓
Risk Management		✓	✓	✓	✓	✓	✓

	Abraham Jonker	Amy Freedman	Bradford A. Mills	Dominic Duffy	Peter Jones	Robert Doyle	Terrell Ackerman
Capital Markets and Finance	✓	✓	✓	✓		✓	✓
Operational Processes							
Geology and Exploration			✓	✓	✓		✓
Mining and Production Planning & Marketing	✓		✓	✓	✓		✓
Metallurgy			✓	✓	✓		✓
Stakeholder Engagement							
Local Community Relations and Environmental Management	✓		✓	✓	✓		✓
Corporate Communications	✓	✓	✓	✓		✓	✓
Employee Engagement, Diversity, Planning & Compensation Strategy		✓	✓	✓	✓	✓	
Labour relations	✓		✓	✓	✓		✓
International & Local Government & NGO engagement	✓		✓	✓	✓		✓
Scalability and Infrastructure							
IT Management and Security						✓	
Global M&A Due Diligence, Execution and Integration	✓	✓	✓	✓	✓	✓	✓
Accounting	✓	✓	✓	✓		✓	✓
Legal, Ethics and Governance	✓	✓	✓	✓	✓	✓	✓
Statistics							
Time Served as Director	9y 9m	3y 11m	10y 7m	2y	9y 9m	9y 9m	9m
Gender	M	F	M	M	M	M	M
Highest position of Responsibility reached	CEO	CEO	CEO	CEO	CEO	CEO	CEO Interim
Principal Occupation	Corporate Director Interim President and Chief Executive Officer of Nevada Copper Corp.	CEO of Kingsdale Advisors	Founder of Plinian Capital	President & CEO of MND	Corporate Director	Corporate Director	Corporate Director
Education	M. Comm.	MBA LLB	MS Geology	B.Eng.	P. Eng.	Honors BA	BS Mining Engr.
Boards Served on (Including Mandalay)	2	1	3	1	4	3	2
Independent Director	✓	✓			✓	✓	
Global Exposure							
Languages Spoken	English & Afrikaans	English	English, Spanish	English, Spanish	English	English	English

	Abraham Jonker	Amy Freedman	Bradford A. Mills	Dominic Duffy	Peter Jones	Robert Doyle	Terrell Ackerman
Countries resided in continuously for more than one year	Canada, South Africa & UK	Canada & US	Australia, Chile, UK, South Africa	Australia, Chile & Canada	UK & Canada	Canada	US
Countries within which have been responsible for P&L	Australia, Canada, South Africa, UK & US	-	Australia, Chile, Peru, South Africa, Sweden	Australia, Canada, Chile & Sweden	Australia, Canada, Chile, Guatemala, Sweden, UK & US	Canada, Chile, Colombia & Venezuela	US

Diversity

The Company has adopted a policy regarding diversity on the Board (the “**Diversity Policy**”) which addresses the importance of diverse culture, geographical backgrounds, age, skills and experience and gender diversity when considering a potential director.

Board of Directors

Mandalay currently has one female director representing 14% of the Board. The Company seeks to attain a board composition in which women comprise at least 25% of the Board by 2021.

The Board believes that the fundamental criteria underlying a director search should be the summary of skills added to the business by the individual, assessed against the skills matrix provided in this Circular. To support a non-exclusionary and inclusive process, and to meet the goal of increasing women’s representation at all levels of the business, the Board will proactively solicit women for all open director positions.

Executive Officers

Mandalay currently has one female executive officer representing 20% of its executive officers.

Mandalay considers a range of factors, including gender, in making executive officer appointments and takes a non-exclusionary and inclusive approach to executive searches. There is no policy in place to provide additional consideration to women in executive officer positions and the Company does not intend to implement such a policy or to adopt a specific target for female representation among its executive officers.

At the same time, the Board acknowledges the importance of diversity, including gender diversity, among its executive officers and, furthermore, the compelling reasons and rationale to support initiatives that remove obstacles or roadblocks from women advancing in the mining industry across all stages of their career.

Mandalay intends to address women’s representation in executive officer positions by continuing to encourage a work environment where merit, experience, opportunity and diversity of thought is encouraged. Furthermore, Mandalay believes that particular attention ought to be given to encouraging female representation within the mining industry as a whole.

Term Limits

The Company does not impose term limits on its directors, as it takes the view that term limits are an arbitrary mechanism for removing directors that can result in valuable, experienced directors being forced to leave the Board solely because of length of service. Instead, Board renewal is considered annually, as part of the annual director self-assessment process and subsequent review and assessment of the Board’s skills and expertise required for oversight. The directors assess, on an annual basis, the skills and expertise required of the Board to provide effective oversight based on the overall composition of the Board.

Other Reporting Issuer Directorships

The following table provides details regarding directors of the Company who are currently serving as directors of other reporting issuers or the equivalent in other jurisdictions:

Name of Director	Name of Other Reporting Issuer	Term of Directorship
Abraham Jonker	Director – EastCoal Inc.	July 2011
Bradford Mills	Director – West African Minerals Company Director – Rambler Metals & Mining PLC	Since March 2012 Since June 2016
Peter R. Jones	Director – Victory Nickel Inc. Director – Rubicon Minerals Company Director - Century Metals Inc.	Since June 2011 Since December 2016 Since April 2019
Robert Doyle	Director – Golden Star Resources Ltd. Director – Caldas Gold Corp.	Since February 2010 Since February 2020
Terrell Ackerman	Director – Rambler Metals & Mining PLC	Since June 2016

Position Descriptions

The Board has adopted specific position descriptions for the Executive Chair of the Board, the Lead Director and each of the Committees of the Board and for the executive officers of the Company. These position descriptions are reviewed by the Board and respective committees on an annual basis.

Copies of these position descriptions can be obtained by request to the Corporate Secretary of the Company.

Orientation and Continuing Education

The Company has an orientation program in place that includes:

- written information about duties and responsibilities of directors in the form of a Board charter;
- presentations on business and operations of the Company;
- documents from recent Board meetings;
- recent filings and financial information;
- governance documents including policies and charters; and
- opportunities for meetings and discussion with senior management and other directors.

The Company established a formal continuing education program for its directors in 2012. The program seeks to ensure that the directors are informed about issues affecting the Company's business, the industry and governance and other related issues. The program includes, on an ongoing basis:

- presentations by senior management on matters such as safety, operations, explorations and business development;
- presentations by external advisors and experts on matters such as corporate governance developments; and
- site visits annually or every two years.

Risk Oversight

Risk is a combination of external and internal factors that constantly change and evolve. The current risk management approach is designed to create visibility on the key material risks at the sites that could adversely impact the Corporation and prevent it from achieving its key operational and strategic priorities.

The General Manager of each property is responsible for identification and mitigation of their risks and have identified team leaders to manage and update risks on a quarterly basis. The CEO, CDO and CFO are responsible for corporate

risk identification and mitigation and to ensure all site level risks are identified and managed and communicated to the Board. The Board is responsible for risk oversight and requiring that the CEO and senior executives prioritize risk management so that management policies and procedures around risk are consistent with the Corporation's strategy and risk appetite. At time of writing the Corporation has updated all the material risks in the Corporation with a bottom up and top down approach, and risks pertaining to the ongoing Covid-19 pandemic have been identified, and mitigating actions are in place.

In 2014, Mandalay adopted a risk management system that consists of a bottom-up and top-down risk management process, with the goal of, at the time, identifying, managing, and reducing overall operational, financial and strategic risks faced by the Corporation. The identified risks, risk managers and action plans were tracked on Mandalay's risk register. The key achievements of this process include risk profiles and individual risk records for the Corporation as a whole, Costerfield Operations, Cerro Bayo Operations, Challacollo Operations and Björkdal Operations. In 2015, Mandalay updated the risk management system across the Corporation as a whole, and integrated new management actions into the strategic planning and budgeting process. The risk management system continues to be reviewed and updated.

In addition, KPMG, the Corporation's third-party internal auditors, have been tasked with a risk-based internal audit process which was initiated in 2015. In 2018, KPMG reviewed Mandalay's operational and environmental permit compliance. Going forward KPMG will be used selectively, and Mandalay is reviewing a more efficient risk management process for the size of the business.

Ethical Business Conduct

The Company has adopted a Code of Business Conduct and Ethics (the "**Code**") to assist all Company personnel in making ethical decisions regarding the Company's affairs. The Code can be accessed under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.mandalayresources.com. The Code addresses such matters as compliance with laws, conflicts of interest, confidential information, protection and proper use of Company assets, fair dealings, rules and regulations, workplace conduct and reporting of illegal and unethical behaviour. Annual certification is required by each director, officer and employee of the Company acknowledging compliance with the Code.

In addition, the Company adopted a whistleblower policy in December, 2015. The policy governs the process through which the Company's employees, suppliers, customers and community members or government at all jurisdictions of operations and projects, can anonymously and confidentially report any potential violation or concern contrary to the Company's policies or local laws or regulations. Mandalay has retained the services of WhistleBlower Security, an independent service provider to receive reports on an anonymous and confidential basis. The whistleblower policy can be accessed on the Company's website at www.mandalayresources.com.

Company personnel are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behaviour and, when in doubt, about the best course of action in a particular situation. The Company's policy is to prohibit retaliation for reports of misconduct by others made in good faith. Senior management of the Company is responsible for monitoring compliance with the Code and the Compensation, Corporate Governance and Nominating Committee (as such committee relates to governance matters, the "**Governance Committee**") is responsible for overall oversight. In particular, the Governance Committee is responsible for reviewing senior management's monitoring of compliance with the Code and granting any waivers from the application of the Code. No waivers have been granted since the adoption of the Code. At least annually, the Governance Committee reviews the adequacy of the Code and recommends any proposed changes to the Code to the Board for approval.

Nomination of Directors

The Board has established a Compensation, Corporate Governance and Nominating Committee (as such committee relates to nominating matters, the "**Nomination Committee**") composed entirely of independent directors to assist the Board in discharging its mandate with respect to the identification and nomination of directors. The role of the Nomination Committee is to, among other things:

- develop and recommend to the Board criteria for selecting new directors;

- assist the Board by identifying qualified individuals to become members of the Board;
- recommend to the Board the director nominees for the next annual meeting of shareholders and for each committee of the Board, the chair of each committee;
- develop and recommend to the Board procedures for the conduct of Board meetings and the proper discharge of the Board's mandate; and
- oversee the annual review of performance by the Board, its committees and the individual directors and assess the charters of the Board and its committees.

The responsibilities of the Nominating Committee in this regard include, among other things, the following:

- review the competencies, skills and personal qualities required of directors on an annual basis;
- oversee orientation and education for new directors;
- actively seek individuals qualified to become Board members;
- review and recommend membership and allocation of directors to committees;
- establish procedures for receipt of comments from all directors to be included in assessments of the Board's performance; and
- if necessary, approve the engagement of independent advisors.

The Nomination Committee does not have a formal process for identifying new candidates for Board nominations. In assessing a potential nominee, the Nomination Committee considers the Board's skills matrix and whether there are any areas for improvement, and the professional experience, education, skills and viewpoints of the nominee and how those factors would contribute to expanding the collective knowledge and experience of the Board. The Nomination Committee considers that, while nominees should present a good fit with the existing Board in terms of their ability to work together to create shareholder value in a constructive way, diversity in opinion and gender diversity will contribute to the overall success of the Board and the Company as a whole. The Nomination Committee also consults with the CEO prior to making its recommendations to the Board.

Compensation

The Compensation Committee, which is discussed in detail above, is comprised entirely of independent directors. The Compensation Committee conducts reviews with respect to directors' compensation once a year. To make its recommendation on directors' compensation, the Compensation Committee takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies.

Board Committees

In addition to the Audit Committee (described in this Circular under "**Audit Committee Information**") and the Compensation, Corporate Governance and Nominating Committee, the Board also has a Safety, Health, Environmental and Community Committee (the "**Safety Committee**"). The purpose of the Safety Committee is to assist the Board in management of Company policies, programs and systems relating to environmental, health and safety issues. The Safety Committee works with management to develop appropriate safety, health and environmental performance and metrics. The responsibilities of the Safety Committee include, among other things, the following:

- reviewing with senior management the Company's goals and policies in respect of the environment and health and safety of employees and the community and providing oversight on the development and implementation of management systems relating to environmental, health and safety matters;
- ensuring that senior management has implemented an environmental and health and safety compliance audit program, which should provide an indication of the Company's risk exposures, steps taken to monitor and control such exposures, the effect of relevant regulatory initiatives and trends and material claims, and request

from senior management, periodic status reports on such program and provide feedback on necessary improvements to the program; and

- receiving environmental, health and safety reports from management that include any environmental, health and safety issues of a material nature, including details of incidents reports.

Assessments

Annually, under the supervision of the Chair of the Compensation, Corporate Governance and Nominating Committee, the directors conduct a formal evaluation of the performance, effectiveness, skills and expertise of the Board. Board renewal is also considered. Likewise, the members of each committee of the Board conduct a formal evaluation of the committees of the Board with which they are involved. As part of the evaluation process, each director completes questionnaires which require the director to assess the performance of the Board or the applicable committee. The questionnaires require input on the role, responsibilities and effectiveness of the Board/applicable committee(s), membership, conduct of meetings, performance of the Chair, and any improvements that could be made to enhance effectiveness. The questionnaire in respect of the Board includes a self-evaluation. The results of the evaluations are reviewed by the Compensation, Corporate Governance and Nominating Committee and reported to the Board.

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

AUDIT COMMITTEE INFORMATION

Pursuant to applicable laws, the Company is required to have an audit committee comprised of not less than three directors, all of whom must be independent and financially literate. The Audit Committee is responsible for the Company's financial reporting process and the quality of its financial reporting. In addition to its other duties, the Audit Committee reviews all financial statements, annual and interim, intended for circulation among Shareholders and reports its findings to the Board. In addition, the Board may refer to the Audit Committee other matters and questions relating to the Company's financial position. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management and the external auditors and monitors the independence of those auditors.

Audit Committee's Charter

The Audit Committee's Charter can be accessed under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.mandalayresources.com.

Composition of the Audit Committee

The following directors are members of the Audit Committee:

Abraham Jonker	Independent	Financially literate ⁽¹⁾
Amy Freedman	Independent	Financially literate ⁽¹⁾
Robert Doyle	Independent	Financially literate ⁽¹⁾

Notes:

- (1) As defined by NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

Abraham Jonker – Director

Mr. Jonker is a registered Chartered Accountant in British Columbia, (Canada), England and Wales as well as South Africa. He is also a member of the Chartered Institute of Management Accountants in the United Kingdom and holds a Masters degree in South African and International Tax from the Rand Afrikaans University. Mr. Jonker has more

than 20 years of extensive management, accounting and corporate finance experience across five continents, mostly in the mining industry. Mr. Jonker currently serves as the Lead Independent Director of the Mandalay Board and CFO of Nevada Copper Corp. Previously he was the Chief Financial Officer of Western Coal Corp at the time of its takeover by Walter Energy for \$3.3 billion. During his career Mr. Jonker has played a pivotal role in several business recoveries, has been a key team member at management level in the strategic growth of several public companies, has raised and overseen the raising of more than \$500 million in the form of equity and debt instruments and has been involved in corporate transactions aggregating several billion dollars.

Amy Freedman – Director

Amy Freedman is CEO at Kingsdale Advisors, a firm specializing in corporate governance and shareholder advisory matters with a focus on proxy battles and hostile takeovers. Prior to Kingsdale Advisors, Ms. Freedman spent over 12 years as a capital markets professional in various roles within investment banking both in the United States and Canada. Ms. Freedman obtained her JD/MBA from the University of Toronto.

Robert Doyle – Director

Mr. Doyle has over 40 years of experience in all facets of international resource exploration, development and production. Currently, Mr. Doyle serves as a director of Golden Star Resources Ltd and Caldas Gold Corp. He was Chief Executive Officer of Medoro Resources Limited until October 2009 and was Executive Vice President prior to that. Previously, Mr. Doyle was Chief Financial Officer of a number of companies including Pacific Stratus Energy Corp., Coalcorp Mining Inc., Bolivar Gold Corp. and HMZ Metals Inc., Lac Minerals and Falconbridge Limited. In addition, he was previously a gold market analyst at RBC Capital Markets and Credit Suisse First Boston. Mr. Doyle holds CPA, CA and C.Dir designations and graduated with an HBA in Business Administration from the Ivey School of Business, University of Western Ontario.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Company’s external auditors and pre-approve the provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve any non-audit services or additional work which the Chair of the Audit Committee deems as necessary and the Chair of the Audit Committee will notify the other members of the Audit Committee of such non-audit or additional work.

External Audit Service Fees

The following table sets forth fees paid by the Company to E&Y for all services in the fiscal years ended December 31, 2019 and December 31, 2018. E&Y was appointed as auditor of the Company on June 10, 2014.

	Fiscal Year Ended December 31, 2019 (CDN\$)	Fiscal Year Ended December 31, 2018 (CDN\$)
Audit Fees	582,000	658,000
Audit-related Fees	120,000	45,000
Tax Fees	85,000	162,000
All Other Fees	-	9,000
Total	787,000	874,000

Notes:

- (1) “Audit Fees” for 2019 include assurance and related services related to the performance of the audit or review of financial statements and IFRS 16 implementation.
- (2) “Audit-related Fees” for 2019 include fees associated with the base shelf prospectus.
- (3) “Tax Fees” include tax compliance, tax advice and tax planning.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Since the beginning of the fiscal year ended December 31, 2019, to the date hereof, no director, executive officer or employee or former executive officer, director or employee of the Company or any of its subsidiaries has been indebted to the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in the Company's management information circular dated March 1, 2019, the Company's prospectus supplement dated February 12, 2019 to the Company's final short form base shelf prospectus dated February 12, 2018, or the consolidated audited financial statements of the Company for the fiscal year ended December 31, 2018, which can be accessed under the Company's profile on SEDAR at www.sedar.com, or otherwise set out herein, for the fiscal year ended December 31, 2019, to the date hereof, "informed persons" (as such term is defined in National Instrument 51-102) of the Company, proposed directors and associates and affiliates of any such persons did not have an interest in any transactions or proposed transactions which have materially affected or would materially affect the Company or any of its subsidiaries.

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1, is the registrar and transfer agent for the Common Shares.

OTHER MATTERS

Management of the Company knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Circular. However, if any other matter properly comes before the Meeting, the forms of proxy furnished by the Company will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

ADDITIONAL INFORMATION

Liability Insurance

Mandalay Resources maintains a Directors' and Officers' Liability insurance program for the benefit of its directors and officers. This provides coverage for loss that a director or officer becomes legally obligated to pay on account of a claim made against them from an alleged or actual wrongful act committed in their executive capacity.

Although Mandalay maintains insurance in amounts that it believes to be reasonable, the Corporation's insurance might not cover all the potential risks associated with its business. The Corporation may be unable to maintain insurance to cover certain risks at economically feasible premiums or insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

Additional information relating to the Company can be found on SEDAR at www.sedar.com. Financial information is provided in the Company's comparative annual financial statements and management discussion and analysis for the Company's most recently completed financial year. Copies of the Company's financial statements and management discussion and analysis may be obtained, without charge, upon request to the Company at Suite 330 – 76 Richmond Street East, Toronto, Ontario, M5C 1P1.

APPROVAL OF DIRECTORS

The contents and the sending of this Circular have been approved by the directors of the Company.

DATED at Toronto, Ontario this 3rd day of April, 2020.

(signed) "Dominic Duffy"

Dominic Duffy
President and Chief Executive Officer

SCHEDULE A
OMNIBUS EQUITY INCENTIVE PLAN

MANDALAY RESOURCES CORPORATION

OMNIBUS EQUITY INCENTIVE PLAN

March 30, 2020

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Mandalay Resources Corporation

Equity Incentive Plan

ARTICLE 1 PURPOSE

1.1 Purpose

The purpose of this Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Employees and Consultants of the Corporation and its subsidiaries, to reward such of those Directors, Employees and Consultants as may be granted Awards under this Plan by the Board from time to time for their contributions toward the long term goals and success of the Corporation and to enable and encourage such Directors, Employees and Consultants to acquire Shares as long term investments and proprietary interests in the Corporation. This Plan is also intended to replace the Prior Plans (as defined below) as of the Effective Date and with respect to future grants and awards following such date.

ARTICLE 2 INTERPRETATION

2.1 Definitions

When used herein, unless the context otherwise requires, the following terms have the indicated meanings, respectively:

“**Affiliate**” means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any Person directly or indirectly owning or controlling 10% or more of any class of outstanding equity securities of such Person;

“**Award**” means any Option, Restricted Share Unit, Deferred Share Unit or Performance Share Unit granted under this Plan;

“**Award Agreement**” means a signed, written agreement between a Participant and the Corporation, in the form or any one of the forms approved by the Plan Administrator, evidencing the terms and conditions on which an Award has been granted under this Plan and which need not be identical to any other such agreements;

“**Board**” means the board of directors of the Corporation;

“**Business Day**” means a day, other than a Saturday or Sunday, on which the principal commercial banks in the City of Toronto are open for commercial business during normal banking hours;

“**Cash Fees**” has the meaning set forth in Subsection 7.1(a);

“**Cash Election**” has the meaning set forth in Section 4.6(a);

“**Cash Election Notice**” has the meaning set forth in Section 4.6(b);

“**Cashless Exercise**” has the meaning set forth in Subsection 4.5(b)

“**Cause**” means, with respect to a particular Employee:

- (a) “cause” (or any similar term) as such term is defined in the employment or other written agreement between the Corporation or a subsidiary of the Corporation and the Employee;
- (b) in the event there is no written or other applicable employment or other agreement between the Corporation or a subsidiary of the Corporation or “cause” (or any similar term) is not defined in such agreement, “cause” as such term is defined in the Award Agreement; or
- (c) in the event neither (a) nor (b) apply, then “cause” as such term is defined by applicable law or, if not so defined, such term shall refer to circumstances where an employer may terminate an individual’s employment without notice or pay in lieu thereof or other damages;

“**Change in Control**” means the occurrence of any one or more of the following events:

- (a) any transaction at any time and by whatever means pursuant to which any Person or any group of two or more Persons acting jointly or in concert (other than the Corporation or a any subsidiary of the Corporation) hereafter acquires the direct or indirect “beneficial ownership” (as defined in the *Securities Act (Ontario)*) of, or acquires the right to exercise control or direction over, securities of the Corporation representing more than 50% of the then issued and outstanding voting securities of the Corporation, including, without limitation, as a result of a take-over bid, an exchange of securities, an amalgamation of the Corporation with any other entity, an arrangement, a capital reorganization or any other business combination or reorganization;
- (b) the sale, assignment or other transfer of all or substantially all of the consolidated assets of the Corporation to a Person other than a subsidiary of the Corporation;
- (c) the dissolution or liquidation of the Corporation, other than in connection with the distribution of assets of the Corporation to one or more Persons which subsidiaries of the Corporation prior to such event;
- (d) the occurrence of a transaction requiring approval of the Corporation’s shareholders whereby the Corporation is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any other Person (other than a short form amalgamation or exchange of securities with a wholly-owned subsidiary of the Corporation); or
- (e) individuals who comprise the Board as of the date hereof (the “**Incumbent Board**”) for any reason cease to constitute at least a majority of the members of the Board,

unless the election, or nomination for election by the Corporation's shareholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, and in that case such new director shall be considered as a member of the Incumbent Board;

provided that, notwithstanding clause (a), (b), (c) and (d) above, a Change in Control shall be deemed not to have occurred if immediately following the transaction set forth in clause (a), (b), (c) or (d) above: (A) the holders of securities of the Corporation that immediately prior to the consummation of such transaction represented more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors of the Corporation hold (x) securities of the entity resulting from such transaction (the "**Surviving Entity**") that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors or trustees ("**voting power**") of the Surviving Entity, or (y) if applicable, securities of the entity that directly or indirectly has beneficial ownership of 100% of the securities eligible to elect directors or trustees of the Surviving Entity (the "**Parent Entity**") that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors or trustees of the Parent Entity, and (B) no Person or group of two or more Persons, acting jointly or in concert, is the beneficial owner, directly or indirectly, of more than 50% of the voting power of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) (any such transaction which satisfies all of the criteria specified in clauses (A) and (B) above being referred to as a "**Non-Qualifying Transaction**" and, following the Non-Qualifying Transaction, references in this definition of "Change in Control" to the "Corporation" shall mean and refer to the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) and, if such entity is a company or a trust, references to the "Board" shall mean and refer to the board of directors or trustees, as applicable, of such entity).

Notwithstanding the foregoing, for purposes of any Award that constitutes "deferred compensation" (within the meaning of Section 409A of the Code), the payment of which is triggered by or would be accelerated upon a Change in Control, a transaction will not be deemed a Change in Control for Awards granted to any Participant who is a U.S. Taxpayer unless the transaction qualifies as "a change in control event" within the meaning of Section 409A of the Code.

"**Code**" means the United States Internal Revenue Code of 1986, as amended from time to time;

"**Committee**" has the meaning set forth in Section 3.2;

"**Consultant**" means any individual or entity consultant or an employee or director of a consultant entity, other than an Employee Participant, who:

- (a) is engaged to provide services on a bona fide basis to the Corporation or a subsidiary of the Corporation, other than services provided in relation to a distribution of securities of the Corporation or a subsidiary of the Corporation;
- (b) provides the services under a written contract with the Corporation or a subsidiary of the Corporation;

- (c) spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a subsidiary of the Corporation;

“Control” means the relationship whereby a Person is considered to be “controlled” by a Person if:

- (a) in the case of a Person,
 - (i) voting securities of the first-mentioned Person carrying more than 50% of the votes for the election of directors are held, directly or indirectly, otherwise than by way of security only, by or for the benefit of the other Person;
 - (ii) the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned Person;
 - (iii) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned Person holds more than 50% of the interests in the partnership; or
- (b) in the case of a limited partnership, the general partner is the second-mentioned Person.

“Corporation” means Mandalay Resources Corporation;

“Date of Grant” means, for any Award, the date specified by the Plan Administrator at the time it grants the Award (which, for greater certainty, shall be no earlier than the date on which the Board meets or otherwise acts for the purpose of granting such Award) or if no such date is specified, the date upon which the Award was granted;

“Deferred Share Unit” or **“DSU”** means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with Article 7;

“Director” means a director of the Corporation who is not an Employee;

“Director Fees” means the total compensation (including annual retainer and meeting fees, if any) paid by the Corporation to a Director in a calendar year for service on the Board;

“Disabled” or **“Disability”** means the permanent and total incapacity of a Participant as determined in accordance with procedures established by the Plan Administrator for purposes of this Plan;

“Effective Date” means the effective date of this Plan, being [X], 2020;

“Elected Amount” has the meaning set forth in Section 7.1(a);

“Electing Person” means a Participant who is, on the applicable Election Date, a Director;

“Election Date” means the date on which the Electing Person files an Election Notice in accordance with Section 7.1(b);

“Election Notice” has the meaning set forth in Section 7.1(b);

“Employee” means an individual who:

- (a) is considered an employee of the Corporation or a subsidiary of the Corporation for purposes of source deductions under applicable tax or social welfare legislation; or
- (b) works full-time or part-time on a regular weekly basis for the Corporation or a subsidiary of the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a subsidiary of the Corporation over the details and methods of work as an employee of the Corporation.

“Exchange” means the TSX and any other exchange on which the Shares are or may be listed from time to time;

“Exercise Notice” means a notice in writing, signed by a Participant and stating the Participant’s intention to exercise a particular Option;

“Exercise Price” means the price at which an Option Share may be purchased pursuant to the exercise of an Option;

“Expiry Date” means the expiry date specified in the Award Agreement (which shall not be later than the tenth anniversary of the Date of Grant) or, if not so specified, means the tenth anniversary of the Date of Grant;

“Good Reason” means, with respect to a particular Participant:

- (a) “good reason” (or any similar term) as such term is defined in the employment or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant;
- (b) in the event there is no written or other applicable employment or other agreement between the Corporation or a subsidiary of the Corporation or “good reason” (or any similar term) is not defined in such agreement, “good reason” as such term is defined in the Award Agreement; or
- (c) in the event neither (a) nor (b) apply, then “Good Reason” shall mean (i) any material diminution in the Participant’s title, duties, authority or responsibility, (ii) any material reduction in the Participant’s base salary or, if applicable, target bonus opportunity, (iii) any relocation of the Participant’s primary place of employment to a location which is more than 100 kilometres from his or her then current primary place of employment, (iv) any material breach by the Corporation or a subsidiary of the Corporation of any employment agreement or other material agreement between the Corporation or a subsidiary of the Corporation provided that (A) the Participant has given the Corporation written notice describing the particular circumstances giving rise to Good Reason within 30 days after first learning of such circumstances, (B) the Corporation or a subsidiary of the Corporation, as applicable, has not cured the Good Reason circumstances described in such notice within 30 days of receiving the notice and (C) the Participant ceases employment within 30 days after the end of the cure period;

“**Insider**” means an “insider” as defined by the TSX from time to time in its rules and regulations governing Security Based Compensation Arrangements and other related matter;

“**ISO**” has the meaning set forth in Section 11.2;

“**Market Price**” at any date in respect of the Shares shall be the volume weighted average closing price of Shares on the TSX, for the five trading days immediately preceding the Date of Grant (or, if such Shares are not then listed and posted for trading on the TSX, on such stock exchange on which the Shares are listed and posted for trading as may be selected for such purpose by the Board). In the event that such Shares are not listed and posted for trading on any Exchange, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion.

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, as amended from time to time;

“**Option**” means a right to purchase Shares under this Plan that is non-assignable and non-transferable unless otherwise approved by the Plan Administrator;

“**Option Shares**” means Shares issuable by the Corporation upon the exercise of outstanding Options;

“**Participant**” means an Employee, Consultant or Director to whom an Award has been granted under this Plan;

“**Participant’s Employer**” means with respect to a Participant that is or was an Employee, the Corporation or such subsidiary of the Corporation as is or, if the Participant has ceased to be employed by the Corporation or such subsidiary of the Corporation, was the Participant’s Employer;

“**Performance Goals**” means performance goals expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of the Corporation, subsidiary of the Corporation, a division of the Corporation or subsidiary of the Corporation, or an individual, or may be applied to the performance of the Corporation or an Affiliate of the Corporation relative to a market index, a group of other companies or a combination thereof, or on any other basis, all as determined by the Plan Administrator;

“**Performance Share Unit**” or “**PSU**” means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with Section 6.1;

“**Person**” includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative;

“**Plan**” means this Omnibus Equity Incentive Plan, as may be amended from time to time;

“**Plan Administrator**” means the Board, or if the administration of this Plan has been delegated by the Board to the Committee pursuant to Section 3.2, the Committee;

“Prior Plans” means the Corporation’s Second Amended and Restated Stock Option Plan dated March 24, 2014 and its Restricted Share Unit Plan dated April 12, 2013, each as amended;

“PSU Service Year” has the meaning given to it in Section 6.1;

“Restricted Share Unit” or **“RSU”** means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with Article 5;

“RSU Service Year” has the meaning set forth in Section 5.1(a);

“Securities Laws” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that govern or are applicable to the Corporation or to which it is subject;

“Security Based Compensation Arrangement” means an option to purchase Shares, or a plan in respect thereof, or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to Directors, Consultant or Employees of the Corporation or its subsidiaries including any Share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;

“Share” means one common share in the capital of the Corporation as constituted on the Effective Date or after an adjustment contemplated by Article 10, such other shares or securities to which the holder of an Award may be entitled as a result of such adjustment;

“Tax Act” has the meaning set forth in Section 4.5(d);

“Termination Date” means:

- (a) in the case of an Employee whose employment with the Corporation or a subsidiary of the Corporation terminates, (i) the date designated by the Employee and the Corporation or a subsidiary of the Corporation in a written employment agreement, or other written agreement between the Employee and Corporation or a subsidiary of the Corporation, or (ii) if no written employment agreement exists, the date designated by the Corporation or a subsidiary of the Corporation, as the case may be, on which an Employee ceases to be an employee of the Corporation or the subsidiary of the Corporation, as the case may be, provided that, in the case of termination of employment by voluntary resignation by the Participant, such date shall not be earlier than the date notice of resignation was given, and “Termination Date” specifically does not mean the date of termination of any period of reasonable notice that the Corporation or the subsidiary of the Corporation (as the case may be) may be required by law to provide to the Participant;
- (b) in the case of a Consultant whose consulting agreement or arrangement with the Corporation or a subsidiary of the Corporation, as the case may be, terminates, the date that is (i) designated in a written agreement between the Consultant and the Corporation or a subsidiary of the Corporation as the “Termination Date” (so similar term) or (ii) if no such written agreement exists, the date designated by the Corporation or the subsidiary of the Corporation as the date on which the Participant’s consulting agreement or arrangement is terminated, provided that in

the case of voluntary termination by the Participant of the Participant's consulting agreement or other written arrangement, such date shall not be earlier than the date notice of voluntary termination was given, and "Termination Date" specifically does not mean the date on which any period of notice of termination that the Corporation or the subsidiary of the Corporation (as the case may be) may be required to provide to the Participant under the terms of the consulting agreement or arrangement expires; or

- (c) in the case of a U.S. Taxpayer, a Participant's "Termination Date" will be the date the Participant "separates from service" with the Corporation or a subsidiary of the Corporation within the meaning of Section 409A of the Code;

"**TSX**" means the Toronto Stock Exchange;

"**U.S.**" means the United States of America; and

"**U.S. Taxpayer**" shall mean a Participant who, with respect to an Award, is subject to taxation under the applicable U.S. tax laws.

2.2 Interpretation

- (a) Whenever the Plan Administrator exercises discretion in the administration of this Plan, the term "discretion" means the sole and absolute discretion of the Plan Administrator.
- (b) As used herein, the terms "Article", "Section", "Subsection" and "clause" mean and refer to the specified Article, Section, Subsection and clause of this Plan, respectively.
- (c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.
- (d) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period begins, including the day on which the period ends, and abridging the period to the immediately preceding Business Day in the event that the last day of the period is not a Business Day. In the event an action is required to be taken or a payment is required to be made on a day which is not a Business Day such action shall be taken or such payment shall be made by the immediately preceding Business Day.
- (e) Unless otherwise specified, all references to money amounts are to Canadian currency.
- (f) The words "including", "includes" and "include" mean including (or includes or include) without limitation.
- (g) The headings used herein are for convenience only and are not to affect the interpretation of this Plan.

**ARTICLE 3
ADMINISTRATION**

3.1 Administration

This Plan will be administered by the Plan Administrator and the Plan Administrator has sole and complete authority, in its discretion, to:

- (a) determine the individuals to whom grants under the Plan may be made;
- (b) make grants of Awards under the Plan relating to the issuance of Shares (including any combination of Options, Restricted Share Units, Deferred Share Units or Performance Share Units) in such amounts, to such Persons and, subject to the provisions of this Plan, on such terms and conditions as it determines including without limitation:
 - (i) the time or times at which Awards may be granted;
 - (ii) the conditions under which:
 - (A) Awards may be granted to Participants; or
 - (B) Awards may be forfeited to the Corporation,
including any conditions relating to the attainment of specified Performance Goals;
 - (iii) the number of Shares to be covered by any Award;
 - (iv) the price, if any, to be paid by a Participant in connection with the purchase of Shares covered by any Awards;
 - (v) whether restrictions or limitations are to be imposed on the Shares issuable pursuant to grants of any Award, and the nature of such restrictions or limitations, if any; and
 - (vi) any acceleration of exercisability or vesting, or waiver of termination regarding any Award, based on such factors as the Plan Administrator may determine;
- (c) establish the form or forms of Award Agreements;
- (d) cancel, amend, adjust or otherwise change any Award under such circumstances as the Plan Administrator may consider appropriate in accordance with the provisions of this Plan;
- (e) construe and interpret this Plan and all Award Agreements;
- (f) adopt, amend, prescribe and rescind administrative guidelines and other rules and regulations relating to this Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws; and

- (g) make all other determinations and take all other actions necessary or advisable for the implementation and administration of this Plan.

3.2 Delegation to Committee

- (a) The initial Plan Administrator shall be the Board.
- (b) To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee of the Board (the “**Committee**”) all or any of the powers conferred on the Plan Administrator pursuant to this Plan, including the power to sub-delegate to any member(s) of the Committee or any specified officer(s) of the Corporation or its subsidiaries all or any of the powers delegated by the Board. In such event, the Committee or any sub-delegate will exercise the powers delegated to it in the manner and on the terms authorized by the delegating party. Any decision made or action taken by the Committee or any sub-delegate arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive and binding on the Corporation and all Affiliates of the Corporation, all Participants and all other Persons.

3.3 Determinations Binding

Any decision made or action taken by the Board, the Committee or any sub-delegate to whom authority has been delegated pursuant to Section 3.2 arising out of or in connection with the administration or interpretation of this Plan is final, conclusive and binding on the Corporation, the affected Participant(s), their legal and personal representatives and all other Persons.

3.4 Eligibility

All Employees, Consultants and Directors are eligible to participate in the Plan, subject to Section 9.1(d). Participation in the Plan is voluntary and eligibility to participate does not confer upon any Employee, Consultant or Director any right to receive any grant of an Award pursuant to the Plan. The extent to which any Employee, Consultant or Director is entitled to receive a grant of an Award pursuant to the Plan will be determined in the sole and absolute discretion of the Plan Administrator.

3.5 Board Requirements

Any Award granted under this Plan shall be subject to the requirement that, if at any time the Corporation shall determine that the listing, registration or qualification of the Shares issuable pursuant to such Award upon any securities exchange or under any Securities Laws of any jurisdiction, or the consent or approval of the Exchange and any securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation is necessary as a condition of, or in connection with, the grant or exercise of such Award or the issuance or purchase of Shares thereunder, such Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Plan Administrator. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval. Participants shall, to the extent applicable, cooperate with the Corporation in complying with such legislation, rules, regulations and policies.

3.6 Total Shares Subject to Awards

- (a) Subject to adjustment as provided for in Article 10 and any subsequent amendment to the Plan, the aggregate number of Shares reserved for issuance pursuant to Awards granted under the Plan and all other Securities Compensation Arrangements (including the Prior Plans) shall not exceed 10% of the Shares issued and outstanding from time to time. The Plan is considered an “evergreen” plan, since the shares covered by Awards which have been exercised or terminated shall be available for subsequent grants under the Plan and the number of Awards available to grant increases as the number of issued and outstanding Shares increases.
- (b) To the extent any (i) Awards (or portion(s) thereof) under the Plan or (ii) awards (or portion(s) thereof) under the Prior Plans terminate or are cancelled for any reason prior to exercise in full, or are surrendered to the Corporation by the Participant, except surrenders relating to the payment of the purchase price of any such award or the satisfaction of the tax withholding obligations related to any such award, the Shares subject to such awards (or portion(s) thereof) shall be added back to the number of Shares reserved for issuance under this Plan and will again become available for issuance pursuant to the exercise of Awards granted under this Plan.
- (c) Any Shares issued by the Corporation through the assumption or substitution of outstanding stock options or other equity-based awards from an acquired company shall not reduce the number of Shares available for issuance pursuant to the exercise of Awards granted under this Plan.

3.7 Limits on Grants of Awards

Notwithstanding anything in this Plan:

- (a) the aggregate number of Shares:
 - (i) issuable to Insiders at any time, under all of the Corporation’s Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Shares; and
 - (ii) issued to Insiders within any one year period, under all of the Corporation’s Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Shares,

provided that the acquisition of Shares by the Corporation for cancellation shall not result in non-compliance with this Section 3.7 with respect to any Awards outstanding prior to such purchase of Shares for cancellation; and

- (b) the Plan Administrator shall not make grants of Awards to a Director if, after giving effect to such grants of Awards, within any one financial year of the Corporation (i) the aggregate fair market value on the Date of Grant of all Options granted to such Director would exceed \$100,000 or (ii) the aggregate fair market value on the Date of Grant of all Awards (including, for greater certainty, the fair market value of the Options) granted to such Director under all of the Corporation’s Security

Based Compensation Arrangements would exceed \$150,000; provided that such limits shall not apply to (A) Awards taken in lieu of any cash retainer or meeting director fees or (B) a one-time initial grant to a Director upon such Director joining the Board.

3.8 Award Agreements

Each Award under this Plan will be evidenced by an Award Agreement. Each Award Agreement will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan and any other provisions that the Plan Administrator may direct. Any one officer of the Corporation is authorized and empowered to execute and deliver, for and on behalf of the Corporation, an Award Agreement to each Participant granted an Award pursuant to this Plan.

3.9 Non-transferability of Awards

Except as permitted by the Plan Administrator, and to the extent that certain rights may pass to a beneficiary or legal representative upon death of a Participant, by will or as required by law, no assignment or transfer of Awards, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Awards whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such Awards will terminate and be of no further force or effect.

ARTICLE 4 OPTIONS

4.1 Grant of Options

The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant Options to any Participant. The terms and conditions of each Option grant shall be evidenced by an Award Agreement.

4.2 Exercise Price

The Plan Administrator will establish the Exercise Price at the time each Option is granted, which Exercise Price must in all cases be not less than the Market Price on the Date of Grant.

4.3 Term of Options

Subject to any accelerated termination as set forth in this Plan, each Option expires on its Expiry Date.

4.4 Vesting and Exercisability

- (a) The Plan Administrator shall have the authority to determine the vesting terms applicable to grants of Options.
- (b) Once an Option becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the Option, unless otherwise specified by the Plan Administrator, or as may be otherwise set forth in any Award Agreement, written

employment agreement, or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant. Each vested Option may be exercised at any time or from time to time, in whole or in part, for up to the total number of Option Shares with respect to which it is then exercisable. The Plan Administrator has the right to accelerate the date upon which any Option becomes exercisable.

- (c) Subject to the provisions of this Plan and any Award Agreement, Options shall be exercised by means of a fully completed Exercise Notice delivered to the Corporation.
- (d) The Plan Administrator may provide at the time of granting an Option that the exercise of that Option is subject to restrictions, in addition to those specified in Section 4.4, such as the satisfaction of Performance Goals.

4.5 Payment of Exercise Price

- (a) Unless otherwise specified by the Plan Administrator at the time of granting an Option and set forth in the particular Award Agreement, the Exercise Notice must be accompanied by payment in full of the Exercise Price. The Exercise Price must be fully paid by certified cheque, bank draft or money order payable to the Corporation or by such other means as might be specified from time to time by the Plan Administrator, which may include (i) through an arrangement with a broker approved by the Corporation (or through an arrangement directly with the Corporation) whereby payment of the Exercise Price is accomplished with the proceeds of the sale of Shares deliverable upon the exercise of the Option, (ii) through the cashless exercise process set out in Section 4.5(b), or (iii) such other consideration and method of payment for the issuance of Shares to the extent permitted by the Securities Laws, or any combination of the foregoing methods of payment.
- (b) Subject to the approval of the Plan Administrator, a Participant may, in lieu of exercising an Option pursuant to an Exercise Notice, elect to surrender such Option to the Corporation (a “**Cashless Exercise**”) in consideration for an amount from the Corporation equal to (i) the Market Price of the Shares issuable on the exercise of such Option (or portion thereof) as of the date such Option (or portion thereof) is exercised, less (ii) the aggregate Exercise Price of the Option (or portion thereof) surrendered relating to such Shares, (the “**In-the-Money Amount**”) by written notice to the Corporation indicating the number of Options such Participant wishes to exercise using the Cashless Exercise, and such other information that the Corporation may require. Subject to Section 8.3, the Corporation shall satisfy payment of the In-the-Money Amount by delivering to the Participant such number of Shares (rounded down to the nearest whole number) having a fair market value equal to the In-the-Money Amount. Any Options surrendered in connection with a Cashless Exercise will not be added back to the number of Shares reserved for issuance under this Plan.
- (c) No Shares will be issued or transferred until full payment therefor has been received by the Corporation.

- (d) If a Participant surrenders Options through a Cashless Exercise pursuant to Section 4.5(b), to the extent that such Participant would be entitled to a deduction under paragraph 110(1)(d) of the Income Tax Act (Canada) (the “**Tax Act**”) in respect of such surrender if the election described in subsection 110(1.1) of the Tax Act were made and filed (and the other procedures described therein were undertaken) on a timely basis after such surrender, the Corporation will cause such election to be so made and filed (and such other procedures to be so undertaken).

4.6 Cash Election

- (a) Subject to the Corporation’s overriding rights and other conditions described below, in lieu of exercising Options which a Participant is entitled to exercise together with payment of the exercise price for Common Shares or pursuant to a Cashless Exercise, at the Participant’s discretion, the Participant may elect (a “**Cash Election**”) to surrender such Options in lieu of exercising same, and to receive upon such surrender, instead of Shares, a cash amount equal to the following, after deduction of any withholding taxes and other withholding liabilities required by law to be withheld, for the number of Shares underlying the Options surrendered by the Participant, all as determined by the Plan Administrator in good faith and in its sole discretion:

$$X = Y(A-B)$$

Where

X = the cash amount to be paid to the Participant upon such Cash Election

Y = the number of Shares underlying the Options being exercised

A = the Market Price as at the date of such Cashless Exercise Notice, if such Market Price is greater than the exercise price

B = the exercise price of the Options being exercised.

- (b) A Participant electing to exercise an Option by way of a Cash Election shall give written notice (a “**Cash Election Notice**”) of the election to the Plan Administrator in a form acceptable to the Plan Administrator. Any Option surrendered pursuant to this Section 4.6 shall terminate and be of no further force or effect as of the time of surrender.
- (c) Notwithstanding the foregoing:
- (i) the Corporation shall have the overriding right to require a Participant to accept, in lieu of the cash otherwise due under a Cash Election, Shares issued from treasury as if the Participant had delivered a Cashless Exercise Notice instead of a Cash Election Notice, in whole or in part, in amounts to be determined by the Plan Administrator in its sole discretion, and
 - (ii) unless waived by the Plan Administrator in its sole discretion in respect of any particular Cash Election, no Cash Election will be valid unless:

- (A) the Participant is a resident of Australia,
- (B) the Cash Election Notice in respect of such Cash Election includes a certification by the Participant that (1) the Participant has incurred or expects to incur tax obligations as a result of the vesting of Options and (2) the amount of such tax obligations is expected to be approximately equal to or less than the proceeds payable to the Participant in connection with the Cash Election; and
- (C) the Participant delivers a Cash Election Notice to the Corporation in respect of such Cash Election not later than two business days² after the date on which the Options being exercised by the Cash Election vested.

ARTICLE 5 RESTRICTED SHARE UNITS

5.1 Granting of RSUs

- (a) The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant RSUs to any Participant in respect of a bonus or similar payment in respect of services rendered by the applicable Participant in a taxation year (the “**RSU Service Year**”). The terms and conditions of each RSU grant may be evidenced by an Award Agreement. Each RSU will consist of a right to receive a Share, cash payment, or a combination thereof (as provided in Section 5.4(a)), upon the settlement of such RSU.
- (b) The number of RSUs (including fractional RSUs) granted at any particular time pursuant to this Article 5 will be calculated by dividing (i) the amount of any compensation that is to be paid in RSUs, as determined by the Plan Administrator, by (ii) the greater of (A) the Market Price of a Share on the Date of Grant; and (B) such amount as determined by the Plan Administrator in its sole discretion.

5.2 RSU Account

All RSUs received by a Participant shall be credited to an account maintained for the Participant on the books of the Corporation, as of the Date of Grant.

5.3 Vesting of RSUs

The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of RSUs.

² For these purposes a “business day” is any day other than a Saturday, Sunday or a statutory holiday in the Participant’s jurisdiction of residence.

5.4 Settlement of RSUs

- (a) The Plan Administrator shall have the authority to determine the settlement terms applicable to the grant of RSUs. Subject to Section 11.6(c) below and except as otherwise provided in an Award Agreement, on the settlement date for any RSU, the Participant shall redeem each vested RSU for:
 - (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct; or
 - (ii) subject to the approval of the Plan Administrator, a cash payment.
- (b) Any cash payments made under this Section 5.4 by the Corporation to a Participant in respect of RSUs to be redeemed for cash shall be calculated by multiplying the number of RSUs to be redeemed for cash by the Market Price per Share as at the settlement date.
- (c) Payment of cash to Participants on the redemption of vested RSUs may be made through the Corporation's payroll in the pay period that the settlement date falls within.
- (d) Notwithstanding any other terms of this Plan but subject to Section 5.4(a) above and Section 11.6(c) below and except as otherwise provided in an Award Agreement, no settlement date for any RSU shall occur, and no Share shall be issued or cash payment shall be made in respect of any RSU, under this Section 5.4 any later than the final Business Day of the third calendar year following the applicable RSU Service Year.
- (e) No RSU holder who is resident in the United States may settle RSUs for Shares unless the Shares issuable upon settlement of the RSUs are registered under the U.S. Securities Act or are issued in compliance with an available exemption from the registration requirements of the U.S. Securities Act.

ARTICLE 6 PERFORMANCE SHARE UNITS

6.1 Granting of PSUs

The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant PSUs to any Participant other than a Director in respect of a bonus or similar payment in respect of services rendered by the applicable Participant in a taxation year (the "**PSU Service Year**"). The terms and conditions of each PSU grant shall be evidenced by an Award Agreement, provided that with respect to a U.S. Taxpayer the terms comply with Section 409A to the extent it is applicable. Each PSU will consist of a right to receive a Share, cash payment, or a combination thereof (as provided in Section 6.6(a)), upon the achievement of such Performance Goals during such performance periods as the Plan Administrator shall establish.

6.2 Terms of PSUs

The Performance Goals to be achieved during any performance period, the length of any performance period, the amount of any PSUs granted, the termination of a Participant's employment and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Plan Administrator and by the other terms and conditions of any PSU, all as set forth in the applicable Award Agreement.

6.3 Performance Goals

The Plan Administrator will issue Performance Goals prior to or on the Date of Grant to which such Performance Goals pertain. Performance Goals may be based upon, without limitation of aspect of the definition of "Performance Goals" set out in Section 2.1, the achievement of corporate, divisional or individual goals, and may be applied to performance relative to an index or comparator group, or on any other basis determined by the Plan Administrator. The Plan Administrator may modify the Performance Goals as necessary to align them with the Corporation's corporate objectives, subject to any limitations set forth in an Award Agreement or an employment or other agreement with a Participant. The Performance Goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur), all as set forth in the applicable Award Agreement.

6.4 PSU Account

All PSUs received by a Participant shall be credited to an account maintained for the Participant on the books of the Corporation, as of the Date of Grant.

6.5 Vesting of PSUs

The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of PSUs.

6.6 Settlement of PSUs

- (a) The Plan Administrator shall have the authority to determine the settlement terms applicable to the grant of PSUs provided that with respect to a U.S. Taxpayer the terms comply with Section 409A to the extent it is applicable. Subject to Section 11.6(c) below and except as otherwise provided in an Award Agreement, on the settlement date for any PSU, the Participant shall redeem each vested PSU for:
 - (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct,
 - (ii) a cash payment, or
 - (iii) a combination of Shares and cash as contemplated by paragraphs (i) and (ii) above,

in each case as determined by the Plan Administrator in its discretion.

- (b) Any cash payments made under this Section 6.6 by the Corporation to a Participant in respect of PSUs to be redeemed for cash shall be calculated by multiplying the number of PSUs to be redeemed for cash by the Market Price per Share as at the settlement date.
- (c) Payment of cash to Participants on the redemption of vested PSUs may be made through the Corporation's payroll in the pay period that the settlement date falls within.
- (d) Notwithstanding any other terms of this Plan but subject to Section 11.6(c) below and except as otherwise provided in an Award Agreement, no settlement date for any PSU shall occur, and no Share shall be issued or cash payment shall be made in respect of any PSU, under this Section 6.6 any later than the final Business Day of the third calendar year following the applicable PSU Service Year.
- (e) No PSU holder who is resident in the United States may settle PSUs for Shares unless the Shares issuable upon settlement of the PSUs are registered under the U.S. Securities Act or are issued in compliance with an available exemption from the registration requirements of the U.S. Securities Act.

ARTICLE 7 DEFERRED SHARE UNITS

7.1 Granting of DSUs

- (a) The Board may fix from time to time a portion of the Director Fees that is to be payable in the form of DSUs. In addition, each Electing Person is given, subject to the conditions stated herein, the right to elect in accordance with Section 7.1(b) to participate in the grant of additional DSUs pursuant to this Article 7. An Electing Person who elects to participate in the grant of additional DSUs pursuant to this Article 7 shall receive their Elected Amount (as that term is defined below) in the form of DSUs in lieu of cash. The "**Elected Amount**" shall be an amount, as elected by the Director, in accordance with applicable tax law, between 0% and 100% of any Director Fees that are otherwise intended to be paid in cash (the "**Cash Fees**").
- (b) Each Electing Person who elects to receive their Elected Amount in the form of DSUs in lieu of cash will be required to file a notice of election in the form of Schedule A hereto (the "**Election Notice**") with the Chief Financial Officer of the Corporation: (i) in the case of an existing Electing Person, by [December 31st in the year prior to the year to which such election is to apply (other than for Director Fees payable for the 2020 financial year, in which case any Electing Person who is not a U.S. Taxpayer as of the date of this Plan shall file the Election Notice by the date that is 30 days from the effective date of the Plan with respect to compensation paid for services to be performed after such date); and (ii) in the case of a newly appointed Electing Person who is not a U.S. Taxpayer, within 30 days of such appointment with respect to compensation paid for services to be performed after such date. In the case of an existing Electing Person who is a U.S. Taxpayer as of the Effective Date of this Plan, an initial Election Notice may be filed by the date that is 30 days from the Effective Date only with respect to compensation paid for

services to be performed after the Election Date; and, in the case of a newly appointed Electing Person who is a U.S. Taxpayer, an Election Notice may be filed within 30 days of such appointment only with respect to compensation paid for services to be performed after the Election Date. If no election is made within the foregoing time frames, the Electing Person shall be deemed to have elected to be paid the entire amount of his or her Cash Fees in cash.

- (c) Subject to Subsection 7.1(d), the election of an Electing Person under Subsection 7.1(b) shall be deemed to apply to all Cash Fees paid subsequent to the filing of the Election Notice, and such Electing Person is not required to file another Election Notice for subsequent calendar years
- (d) Each Electing Person who is not a U.S. Taxpayer is entitled once per calendar year to terminate his or her election to receive DSUs in lieu of Cash Fees by filing with the Chief Financial Officer of the Corporation a notice in the form of Schedule B hereto. Such termination shall be effective immediately upon receipt of such notice, provided that the Corporation has not imposed a “black-out” on trading. Thereafter, any portion of such Electing Person’s Cash Fees payable or paid in the same calendar year and, subject to complying with Subsection 7.1(b), all subsequent calendar years shall be paid in cash. For greater certainty, to the extent an Electing Person terminates his or her participation in the grant of DSUs pursuant to this Article 7, he or she shall not be entitled to elect to receive the Elected Amount, or any other amount of his or her Cash Fees in DSUs in lieu of cash again until the calendar year following the year in which the termination notice is delivered. An election by a U.S. Taxpayer to receive the Elected Amount in DSUs in lieu of cash for any calendar year is irrevocable for that calendar year after the expiration of the election period for that year and any termination of the election will not take effect until the first day of the calendar year following the calendar year in which the termination notice in the form of Schedule C is delivered.
- (e) Any DSUs granted pursuant to this Article 7 prior to the delivery of a termination notice pursuant to Section 7.1(d) shall remain in the Plan following such termination and will be redeemable only in accordance with the terms of the Plan.
- (f) The number of DSUs (including fractional DSUs) granted at any particular time pursuant to this Article 7 will be calculated by dividing (i) the amount of any Director Fees that are to be paid in DSUs (including any Elected Amount), by (ii) the Market Price of a Share on the Date of Grant.
- (g) In addition to the foregoing, the Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant DSUs to any Participant.

7.2 DSU Account

All DSUs received by a Participant (which, for greater certainty includes Electing Persons) shall be credited to an account maintained for the Participant on the books of the Corporation, as of the Date of Grant. The terms and conditions of each DSU grant shall be evidenced by an Award Agreement.

7.3 Vesting of DSUs

Except as otherwise determined by the Plan Administrator, DSUs shall vest immediately upon grant.

7.4 Settlement of DSUs

- (a) DSUs shall be settled on the date established in the Award Agreement; provided, however that in no event shall a DSU Award be settled prior to, or, subject to the discretion of the Plan Administrator, later than one year following, the date of the applicable Participant's separation from service. In no event shall a DSU Award be settled later than three years following the date of the applicable Participant's separation from service. If the Award Agreement does not establish a date for the settlement of the DSUs, then the settlement date shall be the date of separation from service, subject to the delay that may be required under Section 11.6(c) below. Subject to 11.6(c) below, on the settlement date for any DSU, the Participant shall redeem each vested DSU for:
 - (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct; or
 - (ii) subject to the approval of the Plan Administrator, a cash payment.
- (b) Any cash payments made under this Section 7.4 by the Corporation to a Participant in respect of DSUs to be redeemed for cash shall be calculated by multiplying the number of DSUs to be redeemed for cash by the Market Price per Share as at the settlement date.
- (c) Payment of cash to Participants on the redemption of vested DSUs may be made through the Corporation's payroll in the pay period that the settlement date falls within.
- (d) No DSU holder who is resident in the United States may settle DSUs for Shares unless the Shares issuable upon settlement of the DSUs are registered under the U.S. Securities Act or are issued in compliance with an available exemption from the registration requirements of the U.S. Securities Act.

ARTICLE 8 ADDITIONAL AWARD TERMS

8.1 Dividend Equivalents

- (a) Unless otherwise determined by the Plan Administrator and set forth in the particular Award Agreement, RSUs, DSUs and PSUs shall be credited with dividend equivalents in the form of additional RSUs, DSUs and PSUs, respectively, as of each dividend payment date in respect of which normal cash dividends are paid on Shares. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs, DSUs and PSUs, as applicable, held by the Participant on the record date for the payment of such dividend, by (b) the Market

Price at the close of the first business day immediately following the dividend record date, with fractions computed to three decimal places. Dividend equivalents credited to a Participant's accounts shall vest in proportion to the RSUs, DSUs and PSUs to which they relate, and shall be settled in accordance with Subsections 5.4 and 7.4, respectively.

- (b) The foregoing does not obligate the Corporation to declare or pay dividends on Shares and nothing in this Plan shall be interpreted as creating such an obligation.

8.2 Black-out Period

If an Award expires during, or within five business days after, a routine or special trading black-out period imposed by the Corporation to restrict trades in the Corporation's securities, then, notwithstanding any other provision of this Plan, unless the delayed expiration would result in tax penalties, the Award shall expire ten business days after the trading black-out period is lifted by the Corporation.

8.3 Withholding Taxes

The granting, vesting or settlement of each Award under this Plan is subject to the condition that if at any time the Plan Administrator determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such grant, vesting or settlement, such action is not effective unless such withholding has been effected to the satisfaction of the Plan Administrator. In such circumstances, the Plan Administrator may require that a Participant pay to the Corporation the minimum amount as the Corporation or a subsidiary of the Corporation is obliged to withhold or remit to the relevant taxing authority in respect of the granting, vesting or settlement of the Award. Any such additional payment is due no later than the date on which such amount with respect to the Award is required to be remitted to the relevant tax authority by the Corporation or a subsidiary of the Corporation, as the case may be. Alternatively, and subject to any requirements or limitations under applicable law, the Corporation may (a) withhold such amount from any remuneration or other amount payable by the Corporation or any subsidiary of the Corporation to the Participant, (b) require the sale, on behalf of the applicable Participant, of a number of Shares issued upon exercise, vesting, or settlement of such Award and the remittance to the Corporation of the net proceeds from such sale sufficient to satisfy such amount or (c) enter into any other suitable arrangements for the receipt of such amount.

8.4 Recoupment

Notwithstanding any other terms of this Plan, Awards may be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of any clawback, recoupment or similar policy adopted by the Corporation or an Affiliate of the Corporation and in effect at the Date of Grant of the Award, or as otherwise required by law or the rules of the Exchange. The Plan Administrator may at any time waive the application of this Section 8.4 to any Participant or category of Participants.

ARTICLE 9
TERMINATION OF EMPLOYMENT OR SERVICES

9.1 Termination of Employment, Services or Director

Subject to Section 9.2, unless otherwise determined by the Plan Administrator or as set forth in an Award Agreement, an employment agreement or other written agreement between the Participant and the Corporation or a subsidiary of the Corporation:

- (a) where a Participant's employment, consulting agreement or arrangement is terminated or the Participant ceases to hold office or his or her position, as applicable, by reason of resignation or termination by the Participant (other than as a result of resignation for Good Reason), then:
 - (i) each Award held by the Participant that has not vested as of the Termination Date is immediately forfeited and cancelled as of the Termination Date; and
 - (ii) each Award held by a Participant that has vested may be exercised, settled or surrendered to the Corporation by the Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Award, and (B) the date that is 30 days after the Termination Date, provided that any Awards subject to Section 409A awarded to U.S. Taxpayers, may be exercised, settled or surrendered within the same calendar year as the Participant's "separation from service" (or the first 2.5 months following such calendar year). Any Award that remains unexercised or has not been surrendered to the Corporation by the Participant shall be immediately forfeited upon the termination of such period;
- (b) where a Participant's employment, consulting agreement or arrangement is terminated or the Participant ceases to hold office or his or her position, as applicable, by reason of or termination by the Corporation or a subsidiary of the Corporation for Cause, then each Award held by the Participant as of the termination date (whether or not vested as of the Termination Date) is immediately forfeited and cancelled as of the Termination Date;
- (c) where a Participant's employment, consulting agreement or arrangement is terminated by the Corporation or a subsidiary of the Corporation without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice), by the Participant by reason of resignation for Good Reason, or by reason of the death of the Participant or the Participant having become Disabled; then:
 - (i) each Award held by the Participant that has not vested as of the Termination Date is immediately forfeited and cancelled as of the Termination Date; and
 - (ii) each Award held by a Participant that has vested may be exercised, settled or surrendered to the Corporation by the Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Award, and (B) the date that is one year after the Termination Date, provided that any Awards subject to Section 409A awarded to U.S. Taxpayers, may be

exercised, settled or surrendered within the same calendar year as the Participant's "separation from service" (or the first 2.5 months following such calendar year). Any Award that remains unexercised or has not been surrendered to the Corporation by the Participant shall be immediately forfeited upon the termination of such period;

- (d) a Participant's eligibility to receive further Awards under this Plan ceases as of the earliest to occur of:
 - (i) the date that the Corporation or a subsidiary of the Corporation, as the case may be, provides the Participant with written notification that the Participant's employment, consulting agreement or arrangement is terminated in the circumstances contemplated by this Section 9.1, notwithstanding that such date may be prior to the Termination Date; or
 - (ii) the date of the death or Disability of the Participant; and
- (e) notwithstanding Subsection 9.1(b), unless the Plan Administrator, in its discretion, otherwise determines, at any time and from time to time, Options or Awards are not affected by a change of employment agreement or arrangement, or directorship within or among the Corporation or a subsidiary of the Corporation for so long as the Participant continues to be a Director, Employee or Consultant, as applicable, of the Corporation or a subsidiary of the Corporation.

9.2 Discretion to Permit Acceleration

Notwithstanding the provisions of Section 9.1, the Plan Administrator may, in its discretion, at any time prior to, or following the events contemplated in such Section, or in an employment agreement or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant, permit the acceleration of vesting of any or all Awards, all in the manner and on the terms as may be authorized by the Plan Administrator.

ARTICLE 10 EVENTS AFFECTING THE CORPORATION

10.1 General

The existence of any Awards does not affect in any way the right or power of the Corporation or its shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the Corporation's capital structure or its business, or any amalgamation, combination, arrangement, merger or consolidation involving the Corporation, to create or issue any bonds, debentures, Shares or other securities of the Corporation or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this Article 10 would have an adverse effect on this Plan or on any Award granted hereunder.

10.2 Change in Control

Except as may be set forth in an Award Agreement, employment agreement, or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant:

- (a) Notwithstanding anything else in this Plan or any Award Agreement, the Plan Administrator may, without the consent of any Participant, take such steps as it deems necessary or desirable, including to cause (i) the conversion or exchange of any outstanding Awards into or for, rights or other securities of substantially equivalent value (or greater value), as determined by the Plan Administrator in its discretion, in any entity participating in or resulting from a Change in Control; (ii) outstanding Awards to vest and become exercisable, realizable, or payable, or restrictions applicable to an Award to lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Plan Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control; (iii) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Plan Administrator determines in good faith that no amount would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights, then such Award may be terminated by the Corporation without payment); (iv) the replacement of such Award with other rights or property selected by the Board of Directors in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this subparagraph (a), the Plan Administrator will not be required to treat all Awards similarly in the transaction.
- (b) Notwithstanding Section 10.2(a), and unless otherwise determined by the Plan Administrator, if, as a result of a Change in Control, the Shares will cease trading on an Exchange, then the Corporation may terminate all of the Options granted under this Plan at the time of and subject to the completion of the Change in Control transaction by paying to each holder at or within a reasonable period of time following completion of such Change in Control transaction an amount for each Option equal to the fair market value of the Option held by such Participant as determined by the Plan Administrator, acting reasonably.
- (c) Notwithstanding Section 9.1 or Section 10.2(a), and except as otherwise provided in an employment agreement, consulting agreement or arrangement, or other written agreement between the Corporation or a subsidiary of the Corporation and a Participant, if within 12 months following the completion of a transaction resulting in a Change in Control, a Participant's employment, consulting agreement or arrangement is terminated by the Corporation or a subsidiary of the Corporation without Cause or as a result of the Participant's resignation for Good Reason, without any action by the Plan Administrator, the vesting of all Awards held by such Employee shall immediately accelerate, and all Options shall be exercisable notwithstanding Section 4.4 until the earlier of: (i) the Expiry Date of such Award; and (ii) the date that is 90 days after the Termination Date.

- (d) It is intended that any actions taken under this Section 10.2 will comply with the requirements of Section 409A of the Code with respect to Awards granted to U.S. Taxpayers.

10.3 Reorganization of Corporation's Capital

Should the Corporation effect a subdivision or consolidation of Shares or any similar capital reorganization or a payment of a stock dividend (other than a stock dividend that is in lieu of a cash dividend), or should any other change be made in the capitalization of the Corporation that does not constitute a Change in Control and that would warrant the amendment or replacement of any existing Awards in order to adjust the number of Shares that may be acquired on the vesting of outstanding Awards and/or the terms of any Award in order to preserve proportionately the rights and obligations of the Participants holding such Awards, the Plan Administrator will, subject to the prior approval of the Exchange, authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

10.4 Other Events Affecting the Corporation

In the event of an amalgamation, combination, arrangement, merger or other transaction or reorganization involving the Corporation and occurring by exchange of Shares, by sale or lease of assets or otherwise, that does not constitute a Change in Control and that warrants the amendment or replacement of any existing Awards in order to adjust the number of Shares that may be acquired on the vesting of outstanding Awards and/or the terms of any Award in order to preserve proportionately the rights and obligations of the Participants holding such Awards, the Plan Administrator will, subject to the prior approval of the Exchange (if required), authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

10.5 Immediate Acceleration of Awards

Where the Plan Administrator determines that the steps provided in Sections 10.3 and 10.4 would not preserve proportionately the rights, value and obligations of the Participants holding such Awards in the circumstances or otherwise determines that it is appropriate, the Plan Administrator may, but is not required, to permit the immediate vesting of any unvested Awards. In taking any of the steps provided in Sections 10.3 and 10.4, the Plan Administrator will not be required to treat all Awards similarly.

10.6 Issue by Corporation of Additional Shares

Except as expressly provided in this Article 10, neither the issue by the Corporation of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to the number of Shares that may be acquired as a result of a grant of Awards.

10.7 Fractions

No fractional Shares will be issued pursuant to an Award. Accordingly, if, as a result of any adjustment under this Article 10 or a dividend equivalent, a Participant would become entitled to a fractional Share, the Participant has the right to acquire only the adjusted number of full Shares and no payment or other adjustment will be made with respect to the fractional Shares, which shall be disregarded.

ARTICLE 11 U.S. TAXPAYERS

11.1 Provisions for U.S. Taxpayers

Options granted under this Plan to U.S. Taxpayers may be non-qualified stock options or incentive stock options qualifying under Section 422 of the Code (each, an “ISO”). Each Option shall be designated in the Award Agreement as either an ISO or a non-qualified stock option. The Corporation shall not be liable to any Participant or to any other Person if it is determined that an Option intended to be an ISO does not qualify as an ISO. Options will be granted to a U.S. Taxpayer only if (i) such U.S. Taxpayer performs services for the Corporation or any corporation or other entity in which the Corporation has a direct or indirect controlling interest or otherwise has a significant ownership interest, as determined under Section 409A, such that the Option will constitute an option to acquire “service recipient stock” within the meaning of Section 409A, or (ii) such Option otherwise is exempt from Section 409A.

11.2 ISOs

Subject to any limitations in Section 3.6, the aggregate number of Shares reserved for issuance in respect of granted ISOs shall not exceed 10,000,000 Shares, and the terms and conditions of any ISOs granted to a U.S. Taxpayer on the Date of Grant hereunder, including the eligible recipients of ISOs, shall be subject to the provisions of Section 422 of the Code, and the terms, conditions, limitations and administrative procedures established by the Plan Administrator from time to time in accordance with this Plan. ISOs may only be granted to any employee of the Corporation, or of a “parent corporation” or “subsidiary corporation”, as such terms are defined in Sections 424(e) and (f) of the Code.

11.3 ISO Grants to 10% Shareholders

Notwithstanding anything to the contrary in this Plan, if an ISO is granted to a person who owns shares representing more than 10% of the voting power of all classes of shares of the Corporation or of a “parent corporation” or “subsidiary corporation”, as such terms are defined in Section 424(e) and (f) of the Code, on the Date of Grant, the term of the Option shall not exceed five years from the Date of Grant of such Option and the Exercise Price shall be at least 110% of the Market Price of the Shares subject to the Option.

11.4 \$100,000 Per Year Limitation for ISOs

To the extent the aggregate Exercise Price as at the Date of Grant of the Shares for which ISOs are exercisable for the first time by any person during any calendar year (under all plans of the Corporation) exceeds \$100,000, such excess ISOs shall be treated as non-qualified stock options.

11.5 Disqualifying Dispositions

Each person awarded an ISO under this Plan shall notify the Corporation in writing immediately after the date he or she makes a disposition or transfer of any Shares acquired pursuant to the exercise of such ISO if such disposition or transfer is made (a) within two years from the Date of Grant or (b) within one year after the date such person acquired the Shares. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the person in such disposition or

other transfer. The Corporation may, if determined by the Plan Administrator and in accordance with procedures established by it, retain possession of any Shares acquired pursuant to the exercise of an ISO as agent for the applicable person until the end of the later of the periods described in (a) or (b) above, subject to complying with any instructions from such person as to the sale of such Shares.

11.6 Section 409A of the Code

- (a) This Plan will be construed and interpreted to be exempt from, or where not so exempt, to comply with Section 409A of the Code to the extent required to preserve the intended tax consequences of this Plan. Any reference in this Plan to Section 409A also include any regulation promulgated thereunder or any other formal guidance issued by the Internal Revenue Service with respect to Section 409A. Each Award shall be construed and administered such that the Award either (A) qualifies for an exemption from the requirements of Section 409A or (B) satisfies the requirements of Section 409A. If an Award is subject to Section 409A, (I) distributions shall only be made in a manner and upon an event permitted under Section 409A, (II) payments to be made upon a termination of employment or service shall only be made upon a “separation from service” under Section 409A, (III) unless the Award specifies otherwise, each installment payment shall be treated as a separate payment for purposes of Section 409A, and (IV) in no event shall a Participant, directly or indirectly, designate the calendar year in which a distribution is made except in accordance with Section 409A. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A, the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A, such that the grant, payment or settlement will not be subject to the additional tax or interest applicable under Section 409A. The Corporation reserves the right to amend this Plan to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of this Plan in light of Section 409A. In no event will the Corporation or any of its subsidiaries or Affiliates be liable for any tax, interest or penalties that may be imposed on a Participant under Section 409A or any damages for failing to comply with Section 409A.
- (b) The Plan Administrator, in its sole discretion, may permit the acceleration of the time or schedule of payment of a U.S. Taxpayer’s vested Awards in the Plan under circumstances that, to the extent applicable, constitute permissible acceleration events under Section 409A.
- (c) Notwithstanding any provisions of the Plan to the contrary, in the case of any “specified employee” within the meaning of Section 409A of the Code who is a U.S. Taxpayer, distributions of non-qualified deferred compensation under Section 409A made in connection with a “separation from service” within the meaning set forth in Section 409A may not be made prior to the date which is six months after the date of separation from service (or, if earlier, the date of death of the U.S. Taxpayer). Any amounts subject to a delay in payment pursuant to the preceding sentence shall be paid as soon practicable following such six-month anniversary of such separation from service.

11.7 Application of Article 10 to U.S. Taxpayers

For greater certainty, the provisions of this Article 11 shall only apply to U.S. Taxpayers.

ARTICLE 12 AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

12.1 Amendment, Suspension, or Termination of the Plan

The Plan Administrator may from time to time, without notice and without approval of the holders of voting shares of the Corporation, amend, modify, change, suspend or terminate the Plan or any Awards granted pursuant to the Plan as it, in its discretion determines appropriate, provided, however, that:

- (a) no such amendment, modification, change, suspension or termination of the Plan or any Awards granted hereunder may materially impair any rights of a Participant or materially increase any obligations of a Participant under the Plan without the consent of the Participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable Securities Laws or Exchange requirements; and
- (b) any amendment that would cause an Award held by a U.S. Taxpayer be subject to the additional tax penalty under Section 409A(1)(b)(i)(II) of the Code shall be null and void *ab initio* with respect to the U.S. Taxpayer unless the consent of the U.S. Taxpayer is obtained.

12.2 Shareholder Approval

Notwithstanding Section 12.1 and subject to any rules of the Exchange, approval of the holders of the Shares shall be required for any amendment, modification or change that:

- (a) increases the number of Shares reserved for issuance under the Plan, except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (b) increases or removes the 10% limits on Shares issuable or issued to insiders as set forth in Subsection 3.7(a);
- (c) reduces the exercise price of an Award (for this purpose, a cancellation or termination of an Award of a Participant prior to its Expiry Date for the purpose of reissuing an Award to the same Participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an Award) except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (d) extends the term of an Option beyond the original Expiry Date (except where an Expiry Date would have fallen within a blackout period applicable to the Participant or within 5 business days following the expiry of such a blackout period);

- (e) permits an Option to be exercisable beyond 10 years from its Date of Grant (except where an Expiry Date would have fallen within a blackout period of the Corporation);
- (f) increases or removes the limits on the participation of Directors;
- (g) permits Awards to be transferred to a Person;
- (h) changes the eligible participants of the Plan; or
- (i) deletes or reduces the range of amendments which require approval of shareholders under this Section 12.2.

12.3 Permitted Amendments

Without limiting the generality of Section 12.1, but subject to Section 12.2, the Plan Administrator may, without shareholder approval, at any time or from time to time, amend the Plan for the purposes of:

- (a) making any amendments to the general vesting provisions of each Award;
- (b) making any amendments to the provisions set out in Article 9;
- (c) making any amendments to add covenants of the Corporation for the protection of Participants, as the case may be, provided that the Plan Administrator shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Participants, as the case may be;
- (d) making any amendments not inconsistent with the Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Plan Administrator, having in mind the best interests of the Participants, it may be expedient to make, including amendments that are desirable as a result of changes in law in any jurisdiction where a Participant resides, provided that the Plan Administrator shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Participants and Directors; or
- (e) making such changes or corrections which, on the advice of counsel to the Corporation, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Plan Administrator shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Participants.

ARTICLE 13 MISCELLANEOUS

13.1 Legal Requirement

The Corporation is not obligated to grant any Awards, issue any Shares or other securities, make any payments or take any other action if, in the opinion of the Plan Administrator, in its sole discretion, such action would constitute a violation by a Participant or the Corporation of any

provision of any applicable statutory or regulatory enactment of any government or government agency or the requirements of any Exchange upon which the Shares may then be listed.

13.2 No Other Benefit

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

13.3 Rights of Participant

No Participant has any claim or right to be granted an Award and the granting of any Award is not to be construed as giving a Participant a right to remain as an employee, consultant or director of the Corporation or an Affiliate of the Corporation. No Participant has any rights as a shareholder of the Corporation in respect of Shares issuable pursuant to any Award until the allotment and issuance to such Participant, or as such Participant may direct, of certificates representing such Shares.

13.4 Corporate Action

Nothing contained in this Plan or in an Award shall be construed so as to prevent the Corporation from taking corporate action which is deemed by the Corporation to be appropriate or in its best interest, whether or not such action would have an adverse effect on this Plan or any Award.

13.5 Conflict

In the event of any conflict between the provisions of this Plan and an Award Agreement, the provisions of this Plan shall govern. In the event of any conflict between or among the provisions of this Plan, an Award Agreement and (i) an employment agreement or other written agreement between the Corporation or a subsidiary of the Corporation and a Participant which has been approved by the Chief Executive Officer of the Corporation (or where the Participant is the Chief Executive Officer, approved by a Director), the provisions of the employment agreement or other written agreement shall govern and (ii) any other employment agreement or other written agreement between the Corporation or a subsidiary of the Corporation and a Participant, the provisions of this Plan shall govern.

13.6 Anti-Hedging Policy

By accepting the Option or Award each Participant acknowledges that he or she is restricted from purchasing financial instruments such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of Options or Awards.

13.7 Participant Information

Each Participant shall provide the Corporation with all information (including personal information) required by the Corporation in order to administer to the Plan. Each Participant acknowledges that information required by the Corporation in order to administer the Plan may be disclosed to any custodian appointed in respect of the Plan and other third parties, and may be disclosed to such persons (including persons located in jurisdictions other than the Participant's jurisdiction of residence), in connection with the administration of the Plan. Each Participant

consents to such disclosure and authorizes the Corporation to make such disclosure on the Participant's behalf.

13.8 Participation in the Plan

The participation of any Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. In particular, participation in the Plan does not constitute a condition of employment or engagement nor a commitment on the part of the Corporation to ensure the continued employment or engagement of such Participant. The Plan does not provide any guarantee against any loss which may result from fluctuations in the market value of the Shares. The Corporation does not assume responsibility for the income or other tax consequences for the Participants and Directors and they are advised to consult with their own tax advisors.

13.9 International Participants

With respect to Participants who reside or work outside Canada and the United States, the Plan Administrator may, in its sole discretion, amend, or otherwise modify, without shareholder approval, the terms of the Plan or Awards with respect to such Participants in order to conform such terms with the provisions of local law, and the Plan Administrator may, where appropriate, establish one or more sub-plans to reflect such amended or otherwise modified provisions.

13.10 Successors and Assigns

The Plan shall be binding on all successors and assigns of the Corporation and its subsidiaries.

13.11 General Restrictions and Assignment

Except as required by law, the rights of a Participant under the Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant unless otherwise approved by the Plan Administrator.

13.12 Severability

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

13.13 Notices

All written notices to be given by the Participant to the Corporation shall be delivered personally, e-mail or mail, postage prepaid, addressed as follows:

Mandalay Resources Corporation
76 Richmond Street East
Toronto, ON M5C 1P1

Attention: Chief Financial Officer

All notices to the Participant will be addressed to the principal address of the Participant on file with the Corporation. Either the Corporation or the Participant may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally or by e-mail, on the date of delivery, and if sent by mail, on the fifth business day following the date of mailing. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.

13.14 Effective Date

This Plan becomes effective on a date to be determined by the Plan Administrator, subject to the approval of the shareholders of the Corporation.

13.15 Governing Law

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

13.16 Submission to Jurisdiction

The Corporation and each Participant irrevocably submits to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action or proceeding relating in any way to the Plan, including with respect to the grant of Awards and any issuance of Shares made in accordance with the Plan.

SCHEDULE A

**MANDALAY RESOURCES CORPORATION
OMNIBUS EQUITY INCENTIVE PLAN (THE "PLAN")**

ELECTION NOTICE

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Pursuant to the Plan, I hereby elect to participate in the grant of DSUs pursuant to Article 7 of the Plan and to receive ____% of my Cash Fees in the form of DSUs in lieu of cash.

I confirm that:

- (a) I have received and reviewed a copy of the terms of the Plan and agreed to be bound by them.
- (b) I recognize that when DSUs credited pursuant to this election are redeemed in accordance with the terms of the Plan, income tax and other withholdings as required will arise at that time. Upon redemption of the DSUs, the Corporation will make all appropriate withholdings as required by law at that time.
- (c) The value of DSUs is based on the value of the Shares of the Corporation and therefore is not guaranteed.
- (d) To the extent I am a U.S. taxpayer, I understand that this election is irrevocable for the calendar year to which it applies and that any revocation or termination of this election after the expiration of the election period will not take effect until the first day of the calendar year following the year in which I file the revocation or termination notice with the Corporation.

The foregoing is only a brief outline of certain key provisions of the Plan. For more complete information, reference should be made to the Plan's text.

Date: _____

(Name of Participant)

(Signature of Participant)

SCHEDULE B

**MANDALAY RESOURCES CORPORATION
OMNIBUS EQUITY INCENTIVE PLAN (THE "PLAN")**

ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DSUs

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Notwithstanding my previous election in the form of Schedule A to the Plan, I hereby elect that no portion of the Cash Fees accrued after the date hereof shall be paid in DSUs in accordance with Article 7 of the Plan.

I understand that the DSUs already granted under the Plan cannot be redeemed except in accordance with the Plan.

I confirm that I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.

Date: _____

(Name of Participant)

(Signature of Participant)

Note: An election to terminate receipt of additional DSUs can only be made by a Participant once in a calendar year.

SCHEDULE C

**MANDALAY RESOURCES CORPORATION
OMNIBUS EQUITY INCENTIVE PLAN (THE "PLAN")**

**ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DSUs
(U.S. TAXPAYERS)**

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Notwithstanding my previous election in the form of Schedule A to the Plan, I hereby elect that no portion of the Cash Fees accrued after the effective date of this termination notice shall be paid in DSUs in accordance with Article 7 of the Plan.

I understand that this election to terminate receipt of additional DSUs will not take effect until the first day of the calendar year following the year in which I file this termination notice with the Corporation.

I understand that the DSUs already granted under the Plan cannot be redeemed except in accordance with the Plan.

I confirm that I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.

Date: _____

(Name of Participant)

(Signature of Participant)

Note: An election to terminate receipt of additional DSUs can only be made by a Participant once in a calendar year.

SCHEDULE B

MANDALAY RESOURCES CORPORATION (the “Company”)

BOARD OF DIRECTORS CHARTER

PURPOSE

The Board of Directors is elected by the Company’s shareholders to supervise the affairs of the Company and ensure management of the business in the best interests of the Company. The Board of Directors shall:

- Review and approve the strategic plan and business objectives of the Company that are submitted by senior management and monitor the implementation by senior management of the strategic plan. During at least one meeting each year, the Board of Directors will review the Company’s long-term strategic plans and the principal issues that the Company expects to face in the future.
- Review the principal strategic, operational, reporting and compliance risks for the Company and oversee, with the assistance of the Audit Committee, the implementation and monitoring of appropriate risk management systems and the mitigation of risks.
- Ensure, with the assistance of the Corporate Governance and Nominating Committee, the effective functioning of the Board of Directors and its committees, in compliance with corporate governance requirements of applicable legislation, and ensure that the Corporate Governance and Nominating Committee review such compliance periodically.
- Ensure that internal controls and management information systems for the Company are in place and are reviewed and evaluated periodically on the initiative of the Audit Committee.
- Assess the performance of the Company’s senior management and periodically monitor the compensation levels of such senior management based on determinations and recommendations made by the Compensation Committee.
- Ensure that the Company has in place a policy for effective communication with shareholders, other stakeholders and the public generally.
- Review and, where appropriate, approve the recommendations made by the various committees of the Board of Directors, including, without limitation, to: select nominees for election to the Board of Directors; appoint directors to fill vacancies on the Board of Directors; appoint members of the various committees of the Board of Directors; and, establish the form and amount of director compensation.

COMPOSITION

The Board of Directors collectively should possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight of the Company’s business. The Board of Directors should be comprised of that number of individuals which will permit the Board of Directors’ effective functioning. The appointment and removal of directors shall occur in accordance with the Company’s by-laws. A majority of the Board of Directors should meet the independence requirements of applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators. The Board of Directors has adopted a set of categorical standards for determining whether directors satisfy those requirements for independence. A copy of those standards is attached as **Appendix A**. The Board of Directors, upon the recommendation of the Corporate Governance and Nominating Committee, shall designate the Chair by majority vote of the Board of Directors.

MEETINGS

The Board of Directors shall meet at least four times each year and more frequently as circumstances require. All members of the Board of Directors should strive to be at all meetings. The Board of Directors may meet separately, periodically, without senior management, and may request any member of the Company’s senior management or the

Company's outside counsel or independent auditor to attend meetings of the Board of Directors or with advisors thereto.

COMMITTEES

The Board of Directors may delegate authority to individual directors and committees where the Board of Directors determines it is appropriate to do so. The Board of Directors expects to accomplish a substantial amount of its work through committees and shall form at least the following three committees: the Audit Committee, the Compensation, Corporate Governance and Nominating Committee and the Safety, Health, Community and Environmental Committee. The Board of Directors may, from time to time, establish or maintain additional standing or special committees as it determines to be necessary or appropriate. Each committee should have a written charter and should report regularly to the Board of Directors, summarizing the committee's actions and any significant issues considered by the committee.

INDEPENDENT ADVICE

In discharging its mandate, the Board of Directors shall have the authority to retain (and authorize the payment by the Company of) and receive advice from special legal, accounting or other advisors as the Board of Directors determines to be necessary to permit it to carry out its duties.

ANNUAL EVALUATION

Annually, or more frequently at the request of the Chief Executive Officer as a result of legislative or regulatory changes, the Board of Directors through the Corporate Governance and Nominating Committee shall, in a manner it determines to be appropriate:

- Conduct a review and evaluation of the performance of the Board of Directors and its members and committees, including the compliance of the Board of Directors with this Charter. This evaluation will focus on the contribution of the Board of Directors to the Company and specifically focus on areas in which the directors and senior management believe that the contribution of the Board of Directors could be improved.
- Review and assess the adequacy of this Charter and the position description for the Chair and make any improvements the Board of Directors determines to be appropriate, except for minor technical amendments to this Charter, authority for which is delegated to the Chief Executive Officer, who will report any such amendments to the Board of Directors at its next regular meeting.

MANDALAY RESOURCES CORPORATION
(the “Company”)

Appendix A

**CATEGORICAL STANDARDS FOR DETERMINING
INDEPENDENCE OF DIRECTORS**

For a director to be considered independent under the policies of the Canadian Securities Administrators, he or she must have *no direct or indirect material relationship with the Company*, being a relationship that could, in the view of the Board of Directors, reasonably interfere with the exercise of a Director’s independent judgment.

The Board of Directors, upon the recommendation of the Corporate Governance and Nominating Committee, has considered the types of relationships that could reasonably be expected to be relevant to the independence of a director of the Company. The Board of Directors has determined that:

1. A director’s interests and relationships arising solely from his or her (or any immediate family members’¹) shareholdings in the Company are not, in and of themselves, a bar to independence.
2. Unless a specific determination to the contrary is made by the Corporate Governance and Nominating Committee as a result of there being another direct or indirect material relationship with the Company, a director will be independent unless currently, or at any time within the past three years, he or she or any immediate family member:
 - **Employment:** Is (or has been) an officer or employee (or, in the case of an immediate family member, an executive officer) or (in the case of the director only) an affiliate² of the Company or any of its subsidiaries or affiliates (collectively, the “**Company Group**”) or is actively involved in the day-to-day management of the Company.
 - **Direct Compensation:** Receives (or has received) direct compensation during any twelve-month period from the Company Group (other than director fees and committee fees and pension or other forms of deferred compensation for prior service, provided it is not contingent on continued service)³.
 - **Auditor Relationship:** Is (or has been) a partner or employee of a firm that is the Company’s internal or independent auditor (provided that in the case of an immediate family member, he or she participates in its audit, assurance or tax compliance (but not tax planning practice)) and if during that time, he or she or an immediate family member was a partner or employee of that firm but no longer is such, he or she or the immediate family member personally worked on the Company’s audit;
 - **Material Commercial Relationship:** Has (or has had), or is an executive officer, employee or significant shareholder of a person that has (or has had), a significant commercial relationship with the Company Group.
 - **Cross-Compensation Committee Link:** Is employed as an executive officer of another entity whose compensation committee (or similar body) during that period of employment included a current executive officer of the Company.
 - **Material Association:** Has (or has had) a close association with an executive officer of the Company.

¹ A (i) spouse, parent, child, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, or (ii) any person (other than domestic employees) who shares that director’s home.

² A company is a subsidiary of another company if it is controlled, directly or indirectly, by that other company (through one or more intermediaries or otherwise). An “Affiliate” of a person is a person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the first person.

³ Employment as an interim chair or an interim Chief Executive Officer need not preclude a director from being considered independent following the end of that employment. Receipt of compensation by an immediate family member need not preclude a director from being independent if that family member is a non-executive employee.

Notwithstanding the foregoing, no director will be considered independent if applicable securities legislation, rules or regulations expressly prohibit such person from being considered independent.