



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

**Dated May 13, 2019**  
**with respect to the**  
**Annual General and Special Meeting of Shareholders**  
**to be held on June 18, 2019**

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## MANDALAY RESOURCES CORPORATION

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 18, 2019

**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 the offices of **Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7** on Tuesday, June 18, 2019, 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, 2018, 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, pass, with or without variation, a special resolution (the full text of which is reproduced in the accompanying Management Information Circular) ratifying, confirming and approving the consolidation of the Common Shares on the basis of one post-consolidation share for up to every 10 pre-consolidation Common Shares (the “**Consolidation**”), if and when the board of directors of the Company (the “**Board**”) resolves to effect such Consolidation; 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.

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 May 17, 2019, 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, 2018. 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.

**A Shareholder may attend the Meeting in person or be represented by proxy. Shareholders who are unable to attend 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, 8<sup>th</sup> 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 13 day of May, 2019.

**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 May 9, 2019**

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Mandalay Resources Corporation (“Mandalay” 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 Tuesday, June 18, 2019 at 9:00 a.m. (Toronto time) at the offices of Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario 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 2018 annual report and current annual information form (“**AIF**”) are available on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) website at [www.sedar.com](http://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 May 17, 2019, 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, 8<sup>th</sup> 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, 8<sup>th</sup> 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.

Since only registered Shareholders and their proxies may attend and vote at the Meeting, if a Beneficial Shareholder attends the Meeting, the Company will have no record of the Beneficial Shareholder's shareholdings or of its entitlement to vote unless the Beneficial Shareholder completed and submitted the Form 54-101F6 previously sent to the Beneficial Shareholder by the Company, or the Beneficial Shareholder submitted any other document in writing that requests that the Beneficial Shareholder or a nominee of the Beneficial Shareholder be appointed as proxyholder.

#### **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, 2018, 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 May 9, 2019 (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 910,358,840 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	232,362,963	25.5%
GMT Capital	158,690,500	17.4%
Ruffer LLP	152,914,003	16.8%
AzValor Asset Management SGIIC, S.A.U.	108,300,902	11.9%

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 235,091,441 Common Shares, representing approximately 25.8% 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, 2018, 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 office is vacated earlier in accordance with the *Business Corporations Act* (British Columbia) (the "Act") and the notice of 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*

On February 11, 2019, the Company and CE Mining Fund III L.P. (“**CE Mining**”), an investment fund advised by Plinian Capital LLP, which is controlled by Bradford A. Mills, Chairman of the Board entered into a convertible loan agreement pursuant to which CE Mining agreed to advance a US\$8 million convertible bridge loan to the Company (the “**Convertible Loan Agreement**”). On March 29, 2019, this convertible loan was converted into 99,362,963 Common Shares in accordance with its terms. Pursuant to the terms of the Convertible Loan Agreement, the Company has agreed that as long as CE Mining continues to own at least 10% of the outstanding Common Shares, it will be entitled to nominate two individuals for election to the Board, provided that one such nominee shall be Bradford A. Mills. At the Meeting, Terrell Ackerman will be nominated for election to the Board as a nominee of CE Mining in accordance with these nomination rights.

Other than Mr. Ackerman, 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:** 64**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 currently holds a directorship with West African Minerals, an iron ore exploration company focused on exploration projects in Africa and with Helio Resource Corp., a gold exploration development company focused on 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 Corporation (GBX: WAFM) since March 2012

Helio Resource Corp. (TSX-V: HRC) since April 2013

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

Securities Held	Board and Committee Membership	2018 Attendance
Common Shares <sup>(1)</sup> 232,362,963	Board (Chair)	9 of 9 (100%)
Stock Options	Nil	Safety, Health and Environmental
Restricted Share Units	Nil	Committee (Chair)

## Abraham Jonker



**Status:** Lead Independent Director

**Age:** 51

**Residence:** Vancouver, Canada

**Joined Board:** August 6, 2010

### Biography

Mr. Abraham 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 Board and Chief Financial Officer of Nevada Copper Corp (TSX: NCU). He also served as the interim President and CEO of Nevada Copper Corp. between February 15, 2018 to May 1, 2018. 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. He is a registered Chartered Accountant in British Columbia, (Canada), England and Wales and 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.

### 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	2018 Attendance
Common Shares 1,008,484	Board (Lead Independent Director)	9 of 9 (100%)
Stock Options Nil	Audit Committee	4 of 4 (100%)
Restricted Share Units 834,576		

## Amy Freedman



**Status:** Independent Director

**Age:** 46

**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 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.

### Principal Occupation

Chief Executive Officer of Kingsdale Advisors

### Other Public Directorships

None

Securities Held	Board and Committee Membership	2018 Attendance
Common Shares 122,638	Board	9 of 9 (100%)
Stock Options Nil	Audit Committee	4 of 4 (100%)
Restricted Share Units 834,576		

## **Dominic Duffy**



**Status:** Non-Independent Director

**Age:** 43

**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.

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<b>Principal Occupation</b>	President & Chief Executive Officer of the Company
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<b>Other Public Directorships</b>	None
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<b>Securities Held</b>	<b>Board and Committee Membership</b>		<b>2018 Attendance</b>
Common Shares	Nil	Board	9 of 9 (100%)
Stock Options	4,225,000		
Restricted Share Units	Nil		

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**Peter R. Jones**



**Status:** Independent Director

**Age:** 71

**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 Corporation (TSX: CNT.T). He is also a director of Victory Nickel Inc., Rubicon Minerals Corporation 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.

<b>Principal Occupation</b>	Corporate Director
<b>Other Public Directorships</b>	Victory Nickel Inc. (TSX-V: NI) since June 2011 Rubicon Minerals Corporation (TSX: RMX) since December 2016 Century Metals Inc. (a new company with a conditional TSX-V listing) since April 2019

<b>Securities Held</b>		<b>Board and Committee Membership</b>	<b>2018 Attendance</b>
Common Shares	549,514	Board	9 of 9 (100%)
Stock Options	Nil	Safety, Health & Environmental Committee	4 of 4 (100%)
Restricted Share Units	834,576	Compensation, Corporate Governance & Nominating Committee (Chair)	5 of 5 (100%)

**Robert Doyle****Status:** Independent Director**Age:** 64**Residence:** Ontario, Canada**Joined Board:** April 21, 2010**Biography**

Mr. Doyle has over 30 years of experience in all facets of international resource exploration, development and production. Mr. Doyle currently serves as a director of Golden Star Resources Ltd. Most recently, he was a director of Detour Gold Corp. (TSX: DGC) until August 2018. He was the Chief Executive Officer of Medoro Resources Limited, until October, 2009, and was the 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. In addition, he has held a number of financial and executive positions with Falconbridge.

<b>Principal Occupation</b>	Corporate Director
<b>Other Public Directorships</b>	Golden Star Resources Ltd. (TSX: GSC) since February 2010

<b>Securities Held</b>		<b>Board and Committee Membership</b>	<b>2018 Attendance</b>
Common Shares	923,837	Board	9 of 9 (100%)
Stock Options	Nil	Audit Committee (Chair)	4 of 4 (100%)
Restricted Share Units	834,576	Compensation, Corporate Governance & Nominating Committee	5 of 5 (100%)

## Terrell Ackerman



**Status:** Non-Independent Director

**Age:** 65

**Residence:** Montana, United States of America

**Joined Board:** N/A

### 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.

<b>Principal Occupation</b>	Corporate Director
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<b>Other Public Directorships</b>	Rambler Metals & Mining PLC (AIM: RMM) since June 2016
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<b>Securities Held</b>	<b>Board and Committee Membership</b>	<b>2018 Attendance</b>
Common Shares	Nil	N/A
Stock Options	Nil	
Restricted Share Units	Nil	

## **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:

- (d) 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.

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.

## **Share Consolidation**

### ***Background***

The Board is of the opinion that, in the future, it may be in the best interests of the Company to consolidate the Common Shares, and such a consolidation may enhance their marketability and liquidity as an investment. Accordingly, at the Meeting, Shareholders will be asked to consider and approve, with or without modification, a special resolution authorizing and approving an amendment to the articles of the Company pursuant to subsection 54(1)(h) of the Business Corporations Act (British Columbia") (the "Act"), to consolidate the issued and outstanding Common Shares on the basis of one new Common Share for up to ten (10) existing Common Shares (the "**Common Share Consolidation**").

Although approval for the Common Share Consolidation is being sought at the Meeting and, if approved, the Board anticipates implementing the Common Share Consolidation promptly thereafter, such a Common Share Consolidation would ultimately become effective at a date in the future to be determined by the Board when the Board considers it to be in the best interests of the Company to implement such a Common Share Consolidation. The special resolution will also authorize the Board to elect not to proceed with, and abandon, the Common Share Consolidation at any time if it determines, in its sole discretion, that the Common Share Consolidation is not in the best interests of the Company. The Common Share Consolidation is subject to shareholder approval and acceptance by the TSX

### ***Risks Associated with the Common Share Consolidation***

There can be no assurance that the market price of the consolidated Common Shares will increase as a result of the Common Share Consolidation. The market price of the Common Shares will also be affected by the Company's financial and operational results, its financial position, including its liquidity and capital resources, industry conditions, the market's perception of the Company's business and other factors which are unrelated to the number of Common Shares outstanding.

The market price of the Common Shares immediately following the implementation of the Common Share Consolidation is expected to be approximately equal to the market price of the Common Shares prior to the implementation of the Common Share Consolidation multiplied by the consolidation ratio but there is no assurance that the anticipated market price immediately following the implementation of the Common Share Consolidation will be realized or, if realized, will be sustained or will increase. There is a risk that the total market capitalization of the Common Shares (the market price of the Common Shares multiplied by the number of Common Shares outstanding) after the implementation of the Common Share Consolidation may be lower than the total market capitalization of the Common Shares prior to the implementation of the Common Share Consolidation.

The marketability and trading liquidity of the consolidated shares of the Company may not improve. Although the Company believes that establishing a higher market price for the Common Shares could increase investment interest for the Common Shares in equity capital markets by potentially broadening the pool of investors that may consider investing in the Company, including investors whose internal investment policies prohibit or discourage them from purchasing stocks trading below a certain minimum price, there is no assurance that implementing the Common Share Consolidation will achieve this result.

The consolidation may result in some shareholders owning "odd lots" of less than 100 or 1,000 Common Shares which may be more difficult for such shareholders to sell or which may require greater transaction costs per Common Share to sell.

### ***Principal Effects of the Common Share Consolidation***

The Common Share Consolidation will not have a dilutive effect on the Company's shareholders since each shareholder will hold the same percentage of Common Shares outstanding immediately following the Common Share

Consolidation as such shareholder held immediately prior to the Common Share Consolidation. The Common Share Consolidation will not affect the relative voting and other rights that accompany the Common Shares.

If the Board decides to proceed with the Common Share Consolidation, the principal effects of the Common Share Consolidation include the following:

- the fair market value of each Common Share may increase and will, in part, form the basis upon which further Common Shares or other securities of the Company will be issued (recognizing that the Board may elect to consolidate on the basis of a ratio less than 1:10 if it deems appropriate);
- based on the number of issued and outstanding Common Shares as at May 9, 2019, the number of issued and outstanding Common Shares would be reduced from 910,358,840 to 91,035,884 (excluding the effect on fractional Common Shares as disclosed below), based on a consolidation ratio of one new Common Share for each 10 existing Common Shares;
- the exercise prices and the number of Common Shares issuable upon the exercise or deemed exercise of any stock options or other convertible or exchangeable securities of the Company will be automatically adjusted in accordance with the terms of such securities based on the consolidation ratio selected by the Board; and
- as the Company currently has an unlimited number of Common Shares authorized for issuance, the Common Share Consolidation will not have any effect on the number of Common Shares of the Company available for issuance.

#### ***Effect on Fractional Shareholders***

No fractional Common Shares will be issued pursuant to the Common Share Consolidation. In lieu of any such fractional Common Shares, each registered Shareholder otherwise entitled to a fractional Common Share following the implementation of the Common Share Consolidation will receive the nearest whole number of post-consolidation Common Shares. For example, any fractional interest representing less than 0.5 of a post-consolidation Common Share will not entitle the holder thereof to receive a post-consolidation Common Share and any fractional interest representing 0.5 or more of a post-consolidation Common Share will entitle the holder thereof to receive one whole post-consolidation Common Share. In calculating such fractional interests, all common shares registered in the name of each registered Shareholder will be aggregated.

#### ***Effect on Share Certificates***

If the Common Share Consolidation is approved by Shareholders and implemented by the Board, registered Shareholders will be required to exchange their Common Share certificates representing pre-consolidation Common Shares for new Common Share certificates representing post-consolidation Common Shares. A letter of transmittal that contains instructions on how to surrender Common Share certificate(s) representing pre-consolidation Common Shares to the Company's transfer agent, Computershare Investor Services Inc., will be made available on the Company's website at [www.mandalayresources.com](http://www.mandalayresources.com) and under the Company's profile at [www.sedar.com](http://www.sedar.com). The transfer agent will forward to each registered Shareholder who has sent the required documents a new Common Share certificate representing the number of post-consolidation Common Shares to which the registered shareholder is entitled. Until surrendered, each Common Share certificate representing pre-consolidation Common Shares will be deemed for all purposes to represent the number of whole post-consolidation Common Shares to which the holder is entitled as a result of the Common Share Consolidation. Shareholders should not destroy any Common Share certificate(s) and should not submit any Common Share certificate(s) until requested to do so. The method of delivery of certificates representing Common Shares and the letter of transmittal and all other required documents will be at the option and risk of the person surrendering such certificates and documents. It is recommended that Common Share certificates and all other documents required in connection with the Common Share Consolidation be delivered by hand to Computershare Investor Services Inc., at the address noted in the letter of transmittal, and a receipt obtained therefor, or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained.

No new Common Share certificates will be issued to a Shareholder until such Shareholder has surrendered the corresponding "old" Common Share certificates, together with a properly completed and executed letter of transmittal, to the transfer agent. Consequently, following the Common Share Consolidation, Shareholders will need to surrender their old Common Share certificates before they will be able to sell or transfer their Common Shares. If an old

Common Share certificate has any restrictive legends on the back thereof, the new Common Share certificate will be issued with the same restrictive legends, if any, that are on back of old Common Share certificate.

If the Common Share Consolidation is implemented by the Board, intermediaries will be instructed to effect the Common Share Consolidation for Beneficial Shareholders holding Common Shares indirectly. However, such intermediaries may have different procedures than registered shareholders for processing the Common Share Consolidation. If you are a Beneficial Shareholder and have any questions in this regard, the Company encourages you to contact your intermediary.

#### ***Procedure for Implementing the Common Share Consolidation***

In order to complete the Common Share Consolidation, the consent of the TSX will be required. If the Common Share Consolidation is approved, no further action on the part of Shareholders will be required in order for the Board to implement the Common Share Consolidation.

#### ***Dissent Rights***

Under the Act, Shareholders are not entitled to exercise any dissent rights with respect to the Common Share Consolidation.

#### ***Accounting Consequences***

If the Common Share Consolidation is implemented, net income or loss per Common Share, and other per share amounts, will be increased because there will be fewer Common Shares issued and outstanding. In future financial statements, net income or loss per Common Share and other per share amounts for periods ending before the Common Share Consolidation took effect would be recast to give retroactive effect to the Common Share Consolidation.

#### ***Interests of Directors and Executive Officers in the Common Share Consolidation***

The Company's directors and executive officers, and their associates, have no substantial interest, directly or indirectly, in the matters set forth in the Common Share Consolidation proposal except to the extent of their ownership of Common Shares or options to purchase Common Shares.

#### ***Special Resolution***

The text of the special resolution to be voted on at the Meeting by the shareholders is set forth below (the “**Common Share Consolidation Resolution**”):

“RESOLVED as a special resolution of the shareholders of Mandalay Resources Corporation (the “**Corporation**”) that:

1. the articles of the Corporation be amended to change the number of issued and outstanding common shares of the Corporation (“**Common Shares**”) by consolidating the issued and outstanding Common Shares on the basis of one new Common Share for up to ten (10) existing Common Shares (the “**Common Share Consolidation**”), such consolidation ratio to be determined by the board of directors of the Corporation (the “**Board**”), and in the event that the Common Share Consolidation would otherwise result in a holder of Common Shares holding a fraction of a Common Share, such holder shall not receive any whole new Common Shares or any cash consideration for each such fraction, such amendment to become effective at a future date to be determined by the Board when the Board considers it to be in the best interests of the Corporation to implement such a Common Share Consolidation, subject to the consent of the Toronto Stock Exchange;
2. notwithstanding that this special resolution has been duly passed by the holders of the Common Shares, the directors of the Corporation are hereby authorized in their sole discretion to revoke this special resolution in whole or in part at any time prior to its being given effect without further notice to, or approval of, the holders of the Common Shares; and
3. any one director or officer of the Corporation be and the same is hereby authorized, for and on behalf of the Corporation to execute or cause to be executed, and to deliver or cause to be delivered all such documents and filings, and to do or cause to be done all such acts and things, as in the opinion

of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

The Board recommends that Shareholders vote **FOR** the Common Share Consolidation Resolution. In order for the Common Share Consolidation Resolution to be passed, it must be approved by 66 2/3% of the votes cast at the Meeting in respect thereof. **Unless the Shareholder who has given such proxy has directed that the shares be voted “against” the Common Share Consolidation Resolution, the persons named by management of the Company in the enclosed form of proxy intend to cast the votes to which the Common Shares represented by such proxy are entitled FOR the Common Share Consolidation Resolution.**

### EXECUTIVE COMPENSATION<sup>1</sup>

The following table provides a summary of total compensation earned during each of the 12 month periods ended December 31, 2018, December 31, 2017 and December 31, 2016, 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, 2018 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, 2018 (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**”).

**SUMMARY COMPENSATION TABLE**

Name and Principal Position of Named Executive Officer	Year	Salary <sup>(1)</sup> USD	Share-Based Awards USD	Option Based Awards <sup>(2)</sup> USD	Non-Equity Incentive Plan Compensation		Pension Value	All Other Compensation <sup>(3)</sup>	Total Compensation USD
					Annual Incentive Plans	Long-Term Incentive Plans			
Dominic Duffy <sup>(4)</sup> President and Chief Executive Officer	2018 2017 2016	291,989 250,000 250,000	NIL NIL NIL	100,992 65,699 73,949	NIL 77,745 117,000	NIL NIL NIL	NIL NIL NIL	3,473 3,486 3,394	396,454 396,930 444,343
Mark Sander <sup>(5)</sup> Prior President and Chief Executive Officer	2018 2017 2016	148,387 400,000 363,750	NIL NIL NIL	207,096 168,323 132,603	122,000 111,045 126,000	NIL NIL NIL	NIL NIL NIL	100,000 NIL NIL	577,483 679,368 622,353
Nick Dwyer Chief <sup>(6)</sup> Financial Officer	2018	72,609	NIL	30,109	NIL	NIL	NIL	3,473	106,191
Sanjay Swarup <sup>(7)</sup>	2018 2017 2016	149,677 240,000 240,000	NIL NIL NIL	45,998 49,014 61,219	NIL 33,345 63,000	NIL NIL NIL	NIL NIL NIL	60,000 NIL NIL	255,675 322,359 364,219

<sup>1</sup> The Company reports its financial results in US dollars. However, compensation paid to the Named Executive Officers is paid in American, Canadian, Chilean or Australian 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 US dollars. The exchange rates used for disclosure for fiscal 2016 is US\$1 = CDN\$1.3236, US\$1 = CLP676, and US\$1 = AD\$1.3437; for fiscal 2017 is \$1 = CDN\$1.2908, US\$1 = CLP647, and US\$1 = AD\$1.3009 and for fiscal 2018 is US\$1 = CDN\$1.29580, US\$1 = CLP676, and US\$1 = AD\$1.3437.

Prior Chief Financial Officer									
Belinda Labatte	2018	238,772	NIL	44,095	NIL	NIL	NIL	3,473	286,340
Chief Development Officer	2017	239,696	NIL	38,837	33,345	NIL	NIL	3,486	282,019
	2016	179,809	NIL	31,106	31,500	NIL	NIL	3,394	214,309

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 1/3<sup>rd</sup> on each of the first, second and third anniversary of the grant date for options issued in 2018 and 2017 and 100% in three years from the issue date for options issued in 2016.
- (3) All other compensation includes termination fees paid to Mr. Sander and Mr. Swarup and annual health spending benefits for Mr. Duffy, Mr. Dwyer and Ms. Labatte.
- (4) On Mary 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.
- (5) On May 14, 2018 Mr. Sander resigned as President and Chief Executive Officer and Director.
- (6) On August 15, 2018 Mr. Dwyer transitioned from Group Financial Controller of the Company to Chief Financial Officer.
- (7) On August 15, 2018, Mr. Swarup resigned as Chief Financial Officer. On March 23, 2016, Mr. Swarup resigned as a director of the Company.

**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, 2018 (including option-based awards granted to a Named Executive Officer before such fiscal year). As at December 31, 2018, 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) <sup>(1)</sup>
Dominic Duffy President and Chief Executive Officer	300,000 300,000 350,000 400,000 1,375,000	0.98 0.91 0.91 0.60 0.20	March 24, 2019 March 24, 2020 March 23, 2021 June 30, 2024 June 30, 2025	NIL NIL NIL NIL NIL
Mark Sander Prior President and Chief Executive Officer	350,000 350,000 1,500,000 1,250,000 1,375,000	0.98 0.91 0.91 0.60 0.20	March 24, 2019 March 24, 2020 March 23, 2021 June 30, 2024 June 30, 2025	NIL NIL NIL NIL NIL
Nick Dwyer Chief Financial Officer	100,000 150,000 200,000 250,000	0.91 0.91 0.60 0.20	March 24, 2020 March 23, 2021 June 30, 2024 June 30, 2025	NIL NIL NIL NIL
Sanjay Swarup Prior Chief Financial Officer	250,000 250,000 250,000 250,000 350,000	0.98 0.91 0.91 0.60 0.20	March 24, 2019 March 24, 2020 March 23, 2021 June 30, 2024 June 30, 2025	NIL NIL NIL NIL NIL
Belinda Labatte Chief Development Officer	100,000 200,000 238,000 250,000 350,000	0.98 0.91 0.91 0.60 0.20	March 24, 2019 March 24, 2020 March 23, 2021 June 30, 2024 June 30, 2025	NIL NIL NIL NIL NIL

Notes:

- (1) This column contains the aggregate value of in-the-money unexercised options as at December 31, 2018, 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, 2018, being CDN\$0.075, 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, 2018.

<b>Plan Category</b>	<b>Securities to be issued upon Exercise of Outstanding Option Rights (#)</b>	<b>Weighted-Average Exercise Price of Outstanding Options (\$/Security)</b>	<b>Securities remaining Available for future issuance under Equity Compensation Plans (#)<sup>(1)</sup></b>
Equity compensation plans approved by security holders			
Stock Option Plan	19,477,900	0.68	4,094,588
RSUs	1,934,799	N/A	13,486,917
Equity compensation plans not approved by securities holders	NIL	NIL	NIL
<b>Total</b>	<b>21,412,699</b>	<b>0.68</b>	<b>17,581,824</b>

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, 2018, December 31, 2017 and December 31, 2016, respectively.

	<b>2018 Burn Rate</b>	<b>2017 Burn Rate</b>	<b>2016 Burn Rate</b>
Stock Option Plan	1.30%	1.06%	1.15%
RSU Plan	0.35%	0.11%	0.00%

### **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, 2018.

<b>Name of Named Executive Officer</b>	<b>Option-Based Awards – Value Vested During Year Ended December 31, 2018 (US\$)<sup>(1)</sup></b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During Year Ended December 31, 2018 (US\$)<sup>(2)</sup></b>
Dominic Duffy	NIL	NIL
Mark Sander	NIL	122,000
Nick Dwyer	NIL	NIL
Sanjay Swarup	NIL	NIL
Belinda Labatte	NIL	NIL

Notes:

- (1) Represents the dollar value that would have been realized by determining the difference between the market price of the Common Shares that vested and the exercise price of the options on the vesting date. The exchange rate used is US\$1 = CDN\$1.2908, corresponding to the average exchange rate of the Bank of Canada for year-end December 31, 2018.
- (2) The non-equity incentive plan compensation amounts set out in this column represent EIB payments received in 2018 based on 2017 performance.

The only equity incentive award plan of the Company under which awards were made to Named Executive Officers during the 2018 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 two members: Peter R. Jones and Robert Doyle. Both 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 Corporation. Previously, Mr. Jones was on the compensation committee of Augyva Mining Resources Inc., Medusa Mining Limited and Adanac Molybdenum Corporation. 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 30 years of experience in all facets of international resource exploration, development and production. Mr. Doyle currently serves as a director of Golden Star Resources Ltd.. Most recently, he was a director of Detour Gold Corp. until August 2018. He was the 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. In addition, he has held a number of financial and executive positions with Falconbridge.

### ***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.

### ***Compensation Consultant***

The Compensation Committee retained Phase 5 Advisors Inc. ("Phase 5") in 2017 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.

	<b>Fiscal Year Ended December 31, 2018 (CDN\$)</b>	<b>Fiscal Year Ended December 31, 2017 (CDN\$)</b>
Executive compensation-related fees	44,748	9,887.50
All Other Fees	NIL	NIL
Total	44,748	9,887.50

### ***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.

*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 stock 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. The stock options awards granted in or after 2012 have a vesting period of three years from the grant date, and five years to expiry. Grants of stock options to the Named Executive Officers are reviewed and approved annually by the Compensation Committee and the Board.

*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.

In 2018, the Board exercised its discretion to defer the declaration of the EIB payout for the year ended December 31, 2017 (the "**2017 EIB**") considering the Company's performance during the 2017 fiscal year and its then financial position. The Board reviewed the Company's performance and financial position on a quarterly basis during the 2018 fiscal year and agreed that the Company's performance and financial position did not support the payout of the 2017 EIB. 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**"). Mandalay's performance against the 2017 EIB targets is shown in the table below.

Metric	Target	Addition to Bonus Pool if Target Achieved in 2017	2017 Actual	Achieved or Not	Addition to Bonus Pool for 2017	Board Adjusted Bonus (-25%)
<b>Production, Costs, Financial</b>	Deliver at least budget production-- 166,000 (Au Eq. oz) <sup>(1)</sup>	\$414,984	131,186	N	-	-
	Achieve corp. avg. cash cost of less than budget-- \$836 (\$/oz Au Eq.)	\$366,162	\$851	N	-	-
	Achieve corp avg. all-in cost of less than budget-- \$1,136 (\$/oz Au Eq.)	\$122,054	\$1,175	N	-	-
<b>Reserves and Developed State</b>	At least replace 2017 mining depletion (Au Eq. oz of added P&P) <sup>(2)</sup>	\$244,108	Yes	Y	\$244,108	\$183,081
	At least double 2017 mining depletion of (Au Eq. oz of added P&P) <sup>(2)(3)</sup>	\$244,108	No	N	-	-

<b>Safety</b>	Achieve less than 2016's corporate average LTIFR (4.2)	\$122,054	6.7	N	-	-
	Achieve 20% lower than 2016's corporate average LTIFR (3.36)	\$122,504	6.7	N	-	-
	0 Fatalities	\$122,504	2	N	-	-
<b>Environment, Permitting &amp; Closure</b>	Total cost of 2017 environmental incident fines and remediation<\$10,000	\$48,822	<\$10K	Y	\$48,822	\$36,616
	Sites deliver their permits/ licence/ surface access agreements/closure goals  Cerro Bayo = 2% Björkdal = 2% Costerfield = 2% Challacollo = 2%	\$195,287	Delivered	Y	\$195,287	\$146,465
<b>Community Relations</b>	Sites formulate and complete 2017 community action plan approved by COO, CDO and VP, LDPS)  Cerro Bayo = 1% Costerfield = 1% Björkdal = 3%	\$195,287	Completed	Y/Y/N	\$146,465	\$109,849
<b>Acquisition</b>	Publicly announce a binding acquisition agreement	\$244,108	Announced	N	-	-
<b>Total Bonus Pool</b>		<b>\$2,441,982</b>			<b>\$634,682</b>	<b>\$476,011</b>

Notes:

- (1) Gold ounce equivalent production is calculated by multiplying the saleable quantities of gold, silver, 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, average antimony price is the average of the monthly high and low Rotterdam warehouse prices, and average silver price is the average of the monthly London Broker’s silver spot price, all reported in [www.metalbulletin.com](http://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.

The 2018 EIB was intended to reward performance closely aligned with outcomes of production, costs, financials, reserve growth, safety, environment permitting and closure, community relations and acquisitions. Mandalay’s performance against the 2018 targets is shown in the table below. Mandalay’s 2018 performance under the EIB plan generated US\$572,000 in the bonus pool, or a 26% payout.

Metric	Target	Addition to Bonus Pool if Target	2018 Actual	Achieved or Not	Addition to Bonus Pool for 2018

		Achieved in 2018			
<b>Production, Costs, Financial</b>	Deliver at least budget production – 105,266 (Au Eq. oz) <sup>(1)</sup>	\$396,000	81,568	N	-
	Achieve corp. avg. cash cost of less than budget-- \$898 (\$/oz Au Eq.)	\$352,000	\$1,148	N	-
	Achieve corp avg. all-in cost of less than budget-- \$1,262 (\$/oz Au Eq.)	\$132,000	\$1,537	N	-
<b>Reserves and Developed State</b>	At least replace 2018 mining depletion (Au Eq. oz of added P&P) <sup>(2)</sup>	\$242,000	Replace +53koz AuEq	Y	\$242,000
	At least double 2018 mining depletion of (Au Eq. oz of added P&P) <sup>(2)(3)</sup>	\$242,000	No	N	-
<b>Safety</b>	Achieve 10% less than 2017's corporate average LTIFR (6.0)	\$132,000	7.6	N	-
	No Fatalities	\$132,000	0	Y	\$132,000
<b>Environment, Permitting &amp; Closure</b>	Total cost of 2018 environmental incident fines and remediation <\$10,000	\$66,000	0	Y	\$66,000
	Sites deliver their permits/licence/ surface access agreements/closure goals  Cerro Bayo = 2% Björkdal = 2% Costerfield = 2% Challacollo = 2%	\$176,000	Cerro Bayo = 0% Björkdal = 2% Costerfield = 2% Challacollo = 2%	Y	\$132,000
<b>Community Relations</b>	All three mines formulate and complete 2018 community action plan approved by COO, CDO and VP, LDPS	\$110,000	No	N	-
<b>M&amp;A Activities</b>	Generate at least \$20 million in asset sales	\$220,000	No	N	-
<b>Total Bonus Pool</b>		<b>\$2,200,000</b>			<b>\$572,000</b>

Notes:

- (1) Gold ounce equivalent production is calculated by multiplying the saleable quantities of gold, silver, 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, average antimony price is the average of the monthly high and low Rotterdam warehouse prices, and average silver price is the average of the monthly London Broker’s silver spot price, all reported in [www.metalbulletin.com](http://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, 2019, 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 December 2018. It contains the same production, costs, financials, reserves, safety, environment, permitting & closure and community relations measures as in the 2018 plan, with the exception of acquisition measure, which has been removed as a result of Mandalay’s current focus on organic growth and optimizing the performance of its existing properties All bonus metrics and targets are subject to add 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, 2019:

Metric	Target	2019 EIB Target	Weight
<b>Production, Costs, Financial</b>	Deliver higher than budget production – 105,266 (Au Eq. oz) <sup>(1)</sup>	>96,091	20%
	Achieve under total company budget operational costs	<\$91.4M	15%
	Achieve under total company budget capital costs	<\$42,479	20%
<b>Reserves and Developed State</b>	At least replace 2019 mining depletion (Au Eq. oz of added P&P) <sup>(2)</sup>	Replace	10%
	At least double 2019 mining depletion of (Au Eq. oz of added P&P) <sup>(2)(3)</sup>	Double	10%
<b>Safety</b>	Achieve less than corporate average LTIFR thru Dec 2018 (to adjust year end)	6.2	15%
	If one fatality occur -15%	0	-15%
<b>Environment, Permitting &amp; Closure</b>	Total cost of 2019 environmental incident fines and remediation <\$10,000	<\$10K	4%
	Sites deliver their permits/ licence/ surface access agreements/closure goals Cerro Bayo = 2% Björkdal = 2% Costerfield = 2% Challacollo = 2%	Delivered	3%
<b>Community Relations</b>	All three mines formulate and complete 2019 community action plan approved by CEO	Completed	3%
<b>Total</b>			<b>100%</b>

Notes:

- (1) Gold ounce equivalent production is calculated by multiplying the saleable quantities of gold, silver, 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, average antimony price is the average of the monthly high and low Rotterdam warehouse prices, and average silver price is the average of the monthly London Broker's silver spot price, all reported in [www.metalbulletin.com](http://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.

### ***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, considers and assesses, 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, 2018 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.

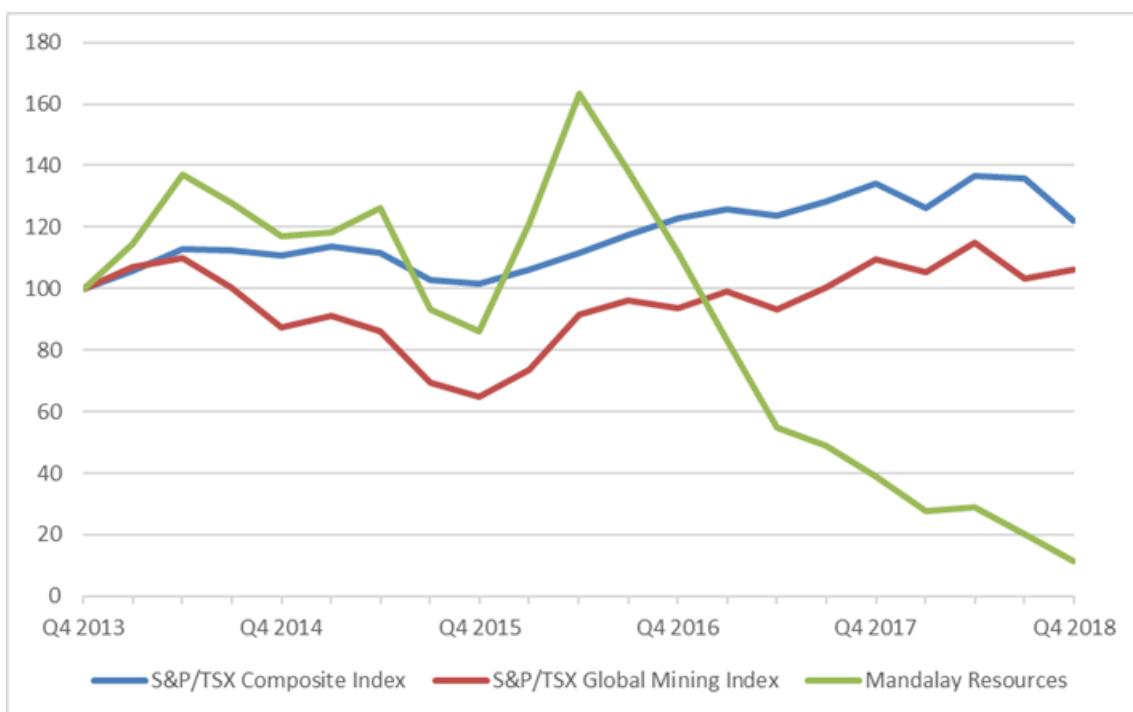
Effective May 11, 2017, the Company entered into an employment agreement with Belinda Labatte in respect of her services as Chief Development Officer of the Company. Under the terms of the contract, the Company pays Ms. Labatte an annual base salary of CDN\$309,400 and reimburses certain expenses incurred 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, 2018 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, 2018 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, 2013) on its Common Shares during the period from January 1, 2014 to December 31, 2018, 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

As previously noted, during 2018 Phase 5 was retained by the Compensation Committee to complete a review of director and officer compensation. Following its review, Phase 5 advised the Compensation Committee that Mandalay's directors were undercompensated relative to the market. Accordingly, the Compensation Committee increased the annual retainers paid to the Company's directors as shown in the chart below. In addition, directors are reimbursed for travel and related expenses.

	<b>Director Fees Effective October 1, 2018 (CDN\$)<sup>(1)</sup></b>	<b>Prior Director Fee (CDN\$)<sup>(1)</sup></b>
Board of Directors Chair Fee	10,000	10,000
Board Member Fee	50,000	24,000
Audit Committee Chair Fee	10,000	5,000
Compensation, Corporate Governance and Nominating Committee Chair Fee	10,000	5,000
Safety, Health and Environmental Committee Chair Fee	10,000	5,000
Committee Member Fee	5,000	Nil
Board member RSU grant <sup>(2)</sup>	\$50,000 equivalent	100,000 units

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 vwap of the closing price of five days preceding the grant date. The RSUs vest 1/3<sup>rd</sup> on each of the first, second and third anniversary of the grant date.

#### ***Individual Director Compensation for Fiscal Year Ended December 31, 2018***

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, 2018.

<b>Name<sup>(1)</sup></b>	<b>Fees Earned (US\$)</b>	<b>Option-Based Awards (US\$)</b>	<b>RSU-Based Awards (US\$)</b>	<b>Non-Equity Incentive Plan Compensation (US\$)</b>	<b>All Other Compensation (US\$)</b>	<b>Total (US\$)</b>
Bradford A. Mills	35,113	77,639 <sup>(2)</sup>	24,909	NIL	180,000 <sup>(3)</sup>	317,661
Abraham Jonker	23,538	NIL	27,123	NIL	NIL	50,661
Amy Freedman	23,538	NIL	27,052	NIL	NIL	50,590
Peter R. Jones	31,255	NIL	27,088	NIL	NIL	58,343
Robert Doyle	27,396	NIL	27,159	NIL	NIL	54,555

Notes:

- (1) Mr. Duffy was not paid any compensation for serving as a director of the Company.
- (2) Mr. Mills was granted 400,000 stock options in May 2017. 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 1/3<sup>rd</sup> on each of the first, second and third anniversary of the grant date.
- (3) 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.

#### ***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 1/3<sup>rd</sup> 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, 2018. 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, 2018 was the RSU Plan.

Name <sup>(1)</sup>	Option-Based Awards – Value Vested or Earned During Fiscal Year Ended December 31, 2018 (US\$) <sup>(2)</sup>	RSU-Based Awards – Value Vested or Earned During Fiscal Year Ended December 31, 2018 (US\$)	Non-Equity Incentive Plan Compensation – Value Vested or Earned During Fiscal Year Ended December 31, 2018 (US\$)
Bradford A. Mills <sup>(3)</sup>	NIL	5,485	NIL
Abraham Jonker	NIL	12,104	NIL
Amy Freedman	NIL	11,637	NIL
Peter R. Jones	NIL	12,104	NIL
Robert Doyle	NIL	12,104	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 six directors: Abraham Jonker, Amy Freedman, Bradford A. Mills, Dominic Duffy, Peter R. Jones and Robert Doyle. 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 A hereto and can be viewed on the Company's website at [www.mandalayresources.com](http://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. Bradford Mills is not considered independent because he receives consulting fees from the Company and because he has served as executive officers of the Company within the past three years. 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 made the decision to appoint 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 2018:

<b>Director Name</b>	<b>Board</b>	<b>Audit Committee</b>	<b>Compensation, Corporate Governance and Nominating Committee</b>	<b>Safety, Health, Environmental and Community Committee</b>	<b>Total</b>	
	<b>Meetings Attended</b>	<b>Meetings Attended</b>	<b>Meetings Attended</b>	<b>Meetings Attended</b>	<b>Meetings Attended</b>	<b>Overall % Attendance</b>
Bradford A. Mills	8/9	-	-	2/2	10/11	91%
Abraham Jonker	8/9	4/4	-	-	12/13	92%
Amy Freedman	8/9	4/4	-	-	12/13	92%
Dominic Duffy	5/5	-	-	-	5/5	100%
Peter R. Jones	8/9	-	5/5	2/2	15/16	94%
Robert Doyle	9/9	4/4	5/5	-	18/18	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
<b>Strategic Design</b>							
Mining Industry Global Strategic Planning	✓		✓	✓	✓	✓	✓
Safety Program Development & Public and Industrial Health			✓	✓	✓		✓
Risk Management		✓	✓	✓	✓	✓	✓
Capital Markets and Finance	✓	✓	✓	✓		✓	✓
<b>Operational Processes</b>							
Geology and Exploration			✓	✓	✓		✓
Mining and Production Planning & Marketing	✓		✓	✓	✓		✓
Metallurgy			✓	✓	✓		✓
<b>Stakeholder Engagement</b>							
Local Community Relations and Environmental Management	✓		✓	✓	✓		✓
Corporate Communications	✓	✓	✓	✓		✓	✓
Employee Engagement, Diversity, Planning & Compensation Strategy		✓	✓	✓	✓	✓	✓
Labour relations	✓		✓	✓	✓		✓
International & Local Government & NGO engagement	✓		✓	✓	✓		✓
<b>Scalability and Infrastructure</b>							
IT Management and Security						✓	
Global M&A Due Diligence, Execution and Integration	✓	✓	✓	✓	✓	✓	✓
Accounting	✓	✓	✓	✓		✓	✓
Legal, Ethics and Governance	✓	✓	✓	✓	✓	✓	✓
<b>Statistics</b>							
Time Served as Director	8y 9m	2y 11m	9y 7m	1y	8y 9m	8y 9m	N/A

	<b>Abraham Jonker</b>	<b>Amy Freedman</b>	<b>Bradford A. Mills</b>	<b>Dominic Duffy</b>	<b>Peter Jones</b>	<b>Robert Doyle</b>	<b>Terrell Ackerman</b>
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	4	1	4	2	1
Independent Director	✓	✓			✓	✓	
<b>Global Exposure</b>							
Languages Spoken	English & Afrikaans	English	English, Spanish	English, Spanish	English	English	English
Countries resided in continuously for more than one year	Canada, South Africa & UK	Canada	Australia, Chile, UK, South Africa	US + 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 17% 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 Corporation Director – Helio Resource Corp. Director – Rambler Metals & Mining PLC	Since March 2012 Since April 2013 Since June 2016
Peter R. Jones	Director – Victory Nickel Inc. Director – Rubicon Minerals Corporation Director - Century Metals Inc.	Since June 2011 Since December 2016 Since April 2019
Robert Doyle	Director – Golden Star Resources Ltd.	Since February 2010
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**

KPMG, the Company's third party internal auditors, was tasked with a risk-based internal audit process that was initiated in 2015. In 2018, KPMG reviewed Mandalay's operational and environmental permit compliance. As of December 31, 2018, there were four internal audit actions with agreed timelines for implementation that arose from the 2018 audits. 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](http://www.sedar.com) and on the Company’s website at [www.mandalayresources.com](http://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](http://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](http://www.sedar.com) and on the Company's website at [www.mandalayresources.com](http://www.mandalayresources.com).

### **Composition of the Audit Committee**

The following directors are members of the Audit Committee:

Abraham Jonker	Independent	Financially literate <sup>(1)</sup>
Amy Freedman	Independent	Financially literate <sup>(1)</sup>
Robert Doyle	Independent	Financially literate <sup>(1)</sup>

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***

Abraham 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 Board and Chief Financial Officer of Nevada Copper Corp.. He also served as the interim President and CEO of Nevada Copper Corp. between February 15, 2018 to May 1, 2018. 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. He 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.

**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 30 years of experience in all facets of international resource exploration, development and production. Mr. Doyle currently serves as a director of Golden Star Resources Ltd. Most recently, he was as a director of Detour Gold Corporation until August 2018. He was the Chief Executive Officer of Medoro Resources Limited, until October, 2009, and was the Executive Vice President prior to that. From 2005 to 2007, Mr. Doyle was the Executive Vice President of Pacific Stratus Energy. 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. In addition, he has held a number of financial and executive positions with Falconbridge.

**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, 2018 and December 31, 2017. E&Y was appointed as auditor of the Company on June 10, 2014.

	<b>Fiscal Year Ended December 31, 2018 (CDN\$)</b>	<b>Fiscal Year Ended December 31, 2017 (CDN\$)</b>
Audit Fees	658,000	658,000
Audit-related Fees	45,000	-
Tax Fees	162,000	177,000
All Other Fees	9,000	54,000
Total	874,000	889,000

Notes:

- (1) “Audit Fees” include assurance and related services related to the performance of the audit or review of financial statements.
- (2) “Audit-related Fees” for 2018 include fees associated with the base shelf prospectus filed in February 2018 and IFRS 16 advisory.
- (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, 2018, 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](http://www.sedar.com), or otherwise set out herein, for the fiscal year ended December 31, 2018, 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, 8<sup>th</sup> 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 has liability insurance to protect its directors and executive officers against any liability that may incur while serving in this capacity for Mandalay or any of its subsidiaries. Total coverage is \$35 million and total premiums were \$73,500 in 2018.

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://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 9<sup>th</sup> day of May, 2019.**

*(signed) "Dominic Duffy"*

Dominic Duffy  
President and Chief Executive Officer

**SCHEDULE A**  
**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<sup>1</sup>) 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 affiliate<sup>2</sup> 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)<sup>3</sup>.
  - **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.

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<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.