



NOTICE OF ANNUAL AND SPECIAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

Dated April 11, 2017

with respect to the

Annual and Special Meeting of Shareholders

to be held on May 11, 2017

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MANDALAY RESOURCES CORPORATION

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 11, 2017**

NOTICE IS HEREBY GIVEN that an annual 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 Park Hyatt, 4 Avenue Road, Toronto, ON M5R 2E8 in the Roof Salon on Thursday, May 11, 2017, 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, 2016, together with the report of the auditor thereon;
- to fix the board of directors of the Company at six 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 thought fit, to pass resolutions ratifying the Company’s Restricted Share Unit Plan and all unallocated options, rights and entitlements thereunder along with the issuance of certain previously allocated entitlements thereunder;
- to consider and, if thought fit, to pass a resolution renewing the Company’s amended stock option plan and all unallocated options, rights and entitlements thereunder; 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 Information Circular. The Information Circular is deemed to form part of this notice of meeting. Please read the Information Circular carefully before you vote on the matters being transacted at the Meeting.

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, 9th 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 11 day of April, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “*Mark Sander*”

Mark Sander
President, Chief Executive Officer and Director

MANDALAY RESOURCES CORPORATION
INFORMATION CIRCULAR
as at April 11, 2017

This Information 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 and special meeting (the “Meeting”) of the shareholders of the Company (the “Shareholders”) to be held on Thursday, May 11, 2017 at 9:00 a.m. (Toronto time) at Park Hyatt, 4 Avenue Road, Toronto, ON M5R 2E8, and at any adjournment(s) thereof, for the purposes set forth in the accompanying notice of meeting (the “Notice of Meeting”).

In this Information 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

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, 9th 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 Chairman of the Meeting in his discretion, and the Chairman 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, 9th 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 Chairman 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 Information 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 Information 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 Information 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, 2016, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing

persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The Board of Directors of the Company (the “**Board**”) has fixed the record date for determining Shareholders entitled to receive notice and to vote at the Meeting as the close of business on April 3, 2017 (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 451,174,008 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 Information 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
GMT Capital	65,704,100	14.6%

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 30,715,142 Common Shares, representing approximately 6.8% 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, 2016, together with the auditor’s reports thereon will be presented at the Meeting.

Election of Directors

At the Company’s 2016 annual general meeting held on May 12, 2016, five directors were elected. On May 24, 2016, the Company announced the appointment of Amy Freedman, as an independent director, to its Board and Audit Committee, effective immediately. Ms. Freedman replaced Peter R. Jones on the Audit Committee, who was serving on the Audit Committee on an interim basis. Mr. Jones remained on the Board.

Accordingly, at the Meeting, Shareholders will be asked to vote on an ordinary resolution to fix the Board at six members and to elect six 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 promptly tender his or her offer to resign to the Chairman of the Board following the Meeting.

In such circumstances, the Compensation, Corporate Governance and Nominating Committee would expeditiously consider such director’s offer to resign and would make a recommendation to the Board whether to accept such offer to resign. Within 90 days of the Meeting, the Board would make a final decision concerning the acceptance of such director’s offer to resign and would announce that decision by releasing a news release. Any director who tenders his offer to resign would 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 would not re-nominate that director. Where the Board accepts the offer of resignation of a director, such resignation would, 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 advance notice policy (the “**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 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 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 Advance Notice Policy.

Pursuant to the Advance Notice Policy, in the case of an annual meeting of Shareholders, notice to the Company must be made not less than 30 days and no more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made by the Company, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

Nominees for Appointment

All of the nominees (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:**

Abraham Jonker	Amy Freedman
Bradford A. Mills	Mark Sander
Peter R. Jones	Robert Doyle

The following table and the notes thereto state the names of all persons to be nominated for election as directors, all other 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 RSUs to acquire Common Shares held by each of them as of the Record Date.

Name, Current Position with Company and Municipality of Residence	Principal Occupation⁽¹⁾	Director Since	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽¹⁾⁽²⁾	Number of Options Held	Number of RSUs Held
Abraham Jonker ⁽³⁾ Ontario, Canada <i>Lead Independent Director</i>	Corporate Director	August 6, 2010	37,107	Nil	171,968 ⁽⁴⁾
Amy Freedman ⁽⁵⁾ Ontario, Canada <i>Director</i>	Chief Executive Officer of Kingsdale Shareholder Services	May 24, 2016	20,000	Nil	168,269 ⁽⁶⁾
Bradford A. Mills ⁽⁷⁾ London, United Kingdom <i>Chair</i>	Chair of the Board of the Company	September 25, 2009	23,614,418 ⁽⁸⁾	4,250,000	100,000 ⁽⁹⁾
Mark Sander ⁽¹⁰⁾ Pennsylvania, United States of America <i>Director, President and Chief Executive Officer</i>	President and Chief Executive Officer of the Company	March 23, 2016	4,428,387 ⁽¹¹⁾	3,800,000	NIL
Peter R. Jones ⁽¹²⁾ Ontario, Canada <i>Director</i>	Corporate Director and part time Executive VP, Century Global Commodities Corporation	August 6, 2010	443,137	Nil	171,968 ⁽¹³⁾
Robert Doyle ⁽¹⁴⁾ Ontario, Canada <i>Director</i>	Corporate Director	April 21, 2010	817,460	Nil	171,968 ⁽¹⁵⁾

Notes:

- (1) Information supplied by the Nominees.
- (2) Does not include Common Shares issuable upon exercise of options or other convertible securities.
- (3) Lead Independent Director and Member of the Audit Committee.
- (4) Mr. Jonker redeemed 37,107 RSUs in June 2016. 101,690 RSUs granted to Mr. Jonker are subject to Shareholder approval. See “Ratification of RSU Grants” in the Information Circular.
- (5) Ms. Freedman was appointed to the Board on May 24, 2016. Ms. Freedman also serves on the Audit Committee, where she replaced Mr. Jones, who was serving on the Audit Committee on an interim basis.
- (6) 168,269 RSUs granted to Ms. Freedman are subject to Shareholder approval. See “Ratification of RSU Grants” in the Information Circular.
- (7) Mr. Mills transitioned from Executive Chair to Chairman of the Board on March 27, 2017. Mr. Mills is the Chair of the Safety, Health and Environmental Committee.
- (8) Mr. Mills owns 11,650,000 Common Shares directly and 11,964,418 Common Shares through Plinian Capital Ltd. (“**Plinian**”).
- (9) 100,000 RSUs granted to Mr. Mills are subject to Shareholder approval. See “Ratification of RSU Grants” in the Information Circular.

- (10) Mr. Sander transitioned from President of the Company to President and Chief Executive Officer on March 23, 2016.
- (11) Mr. Sander owns 1,237,876 Common Shares directly and 3,190,511 Common Shares through Plinian.
- (12) Chair of Compensation, Corporate Governance and Nominating Committee, member of the Safety, Health and Environmental Committee. Member of the Audit Committee from March 23, 2016 to May 24, 2016.
- (13) Mr. Jones redeemed 37,107 RSUs in June 2016. 101,690 RSUs granted to Mr. Jones are subject to Shareholder approval. See “Ratification of RSU Grants” in the Information Circular.
- (14) Chair of the Audit Committee and member of the Compensation, Corporate Governance and Nominating Committee.
- (15) Mr. Doyle redeemed 37,016 RSUs in June 2016. 101,690 RSUs granted to Mr. Doyle are subject to Shareholder approval. See “Ratification of RSU Grants” in the Information Circular.

Set forth below is a description of the principal occupation of each of the Nominees during the past five years:

Abraham Jonker – Lead Independent Director

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. Mr. Jonker is also a Chair of the Board of Directors of Golden Reign Resources Ltd. 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.

Amy Freedman – Director

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, 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.

Bradford A. Mills – Chair

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 (GBX: WAFM), an iron ore exploration company focused on exploration projects in Africa and with Helio Resource Corp. (TSX-V: HRC), a gold exploration development company focused on projects in Africa and Rambler Metals & Mining PLC (TSX-V: RAB), a mining company engaged in the development, mining and exploration of base and precious metals in Newfoundland and Labrador, Canada.

Mark Sander – President and Chief Executive Officer and Director

Dr. Sander holds an MS in Geostatistics and a PhD in Ore Deposits and Exploration from Stanford University (USA) and has been active in the mineral resource industry for over 30 years with respect to strategy, planning and leadership; operational turnarounds; exploration; and Mineral Resource and Reserve estimates. He has focused on open pit and underground copper-gold, lead-zinc-silver, gold-silver, and platinum projects from greenfields exploration through feasibility and permitting to production or restart. Prior to joining Mandalay Resources, Dr. Sander’s industry experience included serving as Vice President of Strategy and Planning for BHP Billiton’s copper group. Dr. Sander is a partner with Mr. Mills in Plinian Capital and also serves on Board of Directors for Helio Resource Corp. (TSX-V: HRC) and Rambler Metals & Mining PLC (TSX-V: RAB).

Peter R. Jones – Director

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. In December 2013, Mr. Jones was appointed as the Executive Vice President of Century Global Commodities Corporation (TSX: CNT.T). He is also a director of Victory Nickel Inc. (TSX-V: NI) and Rubicon Minerals Corporation (TSX: RMX). 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.

Robert Doyle – Director

Mr. Doyle has over 30 years of experience in all facets of international resource exploration, development and production. Mr. Doyle is a director of Golden Star Resources Ltd. (TSX: GSC) and Detour Gold Corp. (TSX: DGC) 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.

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 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.

Ratification of the Company’s Restricted Share Unit Plan

Background

The Company’s restricted share unit plan (the “**RSU Plan**”) was approved by the Shareholders on May 15, 2013. A copy of the RSU Plan is attached to this Information Circular as Schedule A.

The purpose of the RSU Plan is to align the interests of directors, officers, employees and consultants of the Company (the “**Participants**”) with those of the Shareholders, to reward the Participants for their sustained contributions to the Company and to assist the Company in attracting, retaining and motivating directors, officers, employees and consultants.

As described under “- Maximum Number of Common Shares Issuable”, the RSU Plan is an “evergreen” plan. Under Toronto Stock Exchange (“**TSX**”) rules, an evergreen plan must be approved by shareholders every three years.

Description of the RSU Plan

Under the RSU Plan, the Compensation, Corporate Governance and Nominating Committee grant restricted share units (“**RSUs**”) to Participants in such amounts and at such times as they determine as a bonus or other payment or compensation in respect of services rendered by the Participant, including as an incentive for future performance by the Participant. An “**RSU Account**” is maintained by the Company for each Participant and shows the RSUs credited to such Participant from time to time.

Subject to the discretion of the Compensation, Corporate Governance and Nominating Committee to accelerate vesting, one-third of each grant of RSUs vest on the each of the first three anniversaries of the date upon which the RSUs are granted (each, a “**Vesting Date**”). RSU Plan Participants are entitled to receive distributions equal to the amount of dividends paid per Common Share. Such distributions are credited to the Participant’s RSU Account in the form of additional RSUs. The number of RSUs to be credited for each dividend is equal to the aggregate amount of such dividend divided by the volume weighted average closing price of the Common Shares on the TSX for the five (5) trading days immediately preceding the date such dividend was declared. For purposes of vesting, all such RSUs shall be deemed to have the same grant date as those RSUs for which the applicable dividends were declared. Participants are not entitled to transfer, assign, charge, pledge or hypothecate, or otherwise alienate RSUs other than for normal estate settlement purposes.

Effective as of a given Vesting Date, the Company will redeem each vested RSU by issuing one Common Share for each RSU so redeemed.

Upon the termination of a Participant’s employment by or engagement with the Company, any unvested RSUs will terminate and be forfeited except in the case of termination without cause or death. If a Participant is terminated without cause, his or her unvested RSUs may be permitted to continue to vest, in accordance with their terms, during

any statutory or common law severance period or any period of reasonable notice required by law or as otherwise may be determined by the Compensation, Corporate Governance and Nominating Committee in its sole discretion. If a Participant dies, his or her unvested RSUs may be permitted to continue to vest, in accordance with their terms, for up to one year from the date of death as determined by the Compensation, Corporate Governance and Nominating Committee in its sole discretion.

The RSU Plan is administered by the Compensation, Corporate Governance and Nominating Committee, who has the authority to, among other things: (i) adopt rules and regulations for implementing the RSU Plan; (ii) determine when RSUs will be granted, the vesting period for each grant of RSUs and whether any adjustments shall apply prior to vesting any RSUs; (iii) alter or adjust any provision that is expressly provided in the RSU Plan in circumstances so as to operate the RSU Plan as objectively as possible; and (iv) impose certain conditions at the date of grant for any RSUs, which would have to be met for a Participant to be entitled to redeem RSUs granted.

No RSUs may be granted to any Participant if such grant could result, at any time, in: (a) the number of Common Shares reserved for issuance to Participants, pursuant to the redemption of RSUs and any other common share compensation arrangement (including the Stock Option Plan), exceeding 10% of Common Shares then issued and outstanding; (b) the number of Common Shares issuable to insider participants pursuant to the redemption of RSUs, at any time under the RSU Plan and any other common share compensation arrangements (including the Stock Option Plan), exceeding 10% of Common Shares then issued and outstanding; or (c) the number of Common Shares issued to insider. Participants pursuant to redemption of RSUs, within any one-year period, under the RSU Plan and any other common share compensation arrangements (including the Stock Option Plan), exceeding 10% of Common Shares then issued and outstanding.

The RSU Plan provides that the Compensation, Corporate Governance and Nominating Committee reserves the right, in its absolute discretion, to amend, suspend or terminate the RSU Plan, or any portion thereof, at any time without obtaining Shareholder approval, subject to those provisions of applicable law and regulatory requirements (including the rules, regulations and policies of the TSX, if any, that require the approval of Shareholders). Such amendments may include, without limitation: (a) minor changes of a “house-keeping nature”, including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the RSU Plan, or to correct or supplement any provision of the RSU Plan that is inconsistent with any other provision of the 11 RSU Plan; (b) amending any rights already acquired by a Participant under the RSU Plan, including such rights that relate to the effect of termination of a Participant’s employment; provided that (except with respect to any amendments described in (c) below) if such amendment materially and adversely alters or impairs such rights, including such Participant’s entitlement to any RSUs previously granted to him or her under the RSU Plan, the Compensation, Corporate Governance and Nominating Committee shall first obtain the consent of such Participant; (c) amendments necessary to comply with the provisions of applicable law or the applicable rules of the TSX, including with respect to the treatment of RSUs granted under the RSU Plan; (d) amendments respecting the administration of the RSU Plan; (e) amendments necessary to suspend or terminate the RSU Plan; (f) a change relating to the eligibility of any Participant in the RSU Plan; and (g) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the applicable rules of the TSX.

Notwithstanding the foregoing, the Company is required to obtain Shareholder approval for any amendment related to: (i) removing or exceeding the participation limit of insider Participants; (ii) any increase to the maximum number of Common Shares issuable upon redemption of the RSUs as a fixed number or a fixed percentage of the Company’s outstanding Common Shares represented by such securities; (iii) any change which would make the RSUs granted under the RSU Plan transferable or assignable other than for normal estate settlement purposes; or (v) the amending provisions. Any amendment to any provision of the RSU Plan is subject to any required regulatory or governmental approvals.

Maximum Number of Common Shares Issuable

The maximum number of Common Shares that may be reserved for issuance at any time under the RSU Plan upon the redemption of RSUs is 5% of the number of Common Shares issued and outstanding at such time, subject to increase or decrease by reason of amalgamation, rights offerings, reclassifications, consolidations or subdivisions, or, as may otherwise be permitted, by applicable law and the TSX. The maximum number of Common Shares that may be reserved for issuance at any time under the RSU Plan upon redemption of the RSUs will increase as Common Shares are issued.

As at the date of this Information Circular, an aggregate of 784,172 Common Shares are issuable upon the redemption of RSUs issued under the RSU Plan, representing 0.2% of the issued and outstanding Common Shares. There are 21,774,528 RSUs, representing 4.8% of the issued and outstanding Common Shares currently available for issuance in the future, without taking into account future vesting of RSUs or future issuances of Common Shares.

RSUs that cannot be redeemed as a result of having terminated or expired, or having been redeemed for cash in accordance with the RSU Plan, shall not be counted for purposes of the limits on issuances of Common Shares as described herein and shall be available for subsequent RSU Awards. The RSU Plan is an “evergreen” plan whereby the number of Common Shares equivalent to the number of RSUs and securities of any other common share compensation arrangement that have been issued, exercised, terminated, cancelled, redeemed, repurchased or expired, at any time, are immediately re-reserved for issuance under the RSU Plan and available for future issuances subject to the limits contained herein.

Shareholder Approval

At the Meeting, the Shareholders will be asked to approve the following by ordinary resolution, with or without variation:

“Be it resolved as an ordinary resolution that:

1. The restricted share unit plan (the “**RSU Plan**”) of the Company be and is hereby approved, ratified and confirmed with such amendments as may be approved by any one or more of the directors of the Company.
2. The Company shall have the ability to continue granting RSUs under the RSU Plan until May 11, 2020.
3. The Board or any committee designated pursuant to the RSU Plan is hereby authorized to make such amendments to the RSU Plan from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Board or committee thereof, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the RSU Plan, the approval of the shareholders of the Company.
4. Any one director or officer of the Company is hereby authorized, for and on behalf of the Company, to execute and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.”

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

If approval is obtained at the Meeting, the Company will not be required to seek further approval of the grant of unallocated RSUs until the Company’s 2020 annual shareholders’ meeting (provided that such meeting is held on or prior to May 11, 2020). If approval is not obtained at the Meeting, RSUs which have not been allocated as of May 12, 2016 and RSUs which are outstanding as of such date and are subsequently cancelled, terminated or exercised will not be available for a new grant of RSUs. Previously allocated RSUs will continue to be unaffected by the approval or disapproval of the resolution. To be effective, the resolution approving the renewal of the RSU Plan and the unallocated RSUs must be approved by at least 50% of the votes cast in person or by proxy by the Shareholders at the Meeting. The Board recommends that Shareholders vote **FOR** such resolution. **In the absence of contrary instructions, the management representatives named in the enclosed proxy form intend to vote FOR such resolution.**

Ratification of RSU Grants

Pursuant to TSX rules, the RSU Plan was required to be re-approved by Shareholders at the Company’s annual meeting held on May 12, 2016. Since such approval was not obtained by such date, all RSUs granted by the Company after May 12, 2016 are subject to ratification by Shareholders. These RSUs may not vest until such time as they have been ratified and will be immediately cancelled if they are not ratified at the Meeting.

The following table summarizes the outstanding RSUs that are subject to shareholder approval and ratification:

Holders	Number of RSUs	Grant Date	Vesting Dates
Directors	66,666	May 17, 2016	March 24, 2017 March 24, 2018
Directors	2,239	August 11, 2016	March 24, 2017 March 24, 2018
Directors	2,440	November 2, 2016	March 24, 2017 March 24, 2018
Directors	1,994	February 15, 2017	March 24, 2017 March 24, 2018
Directors	500,000	March 27, 2017	March 27, 2018 March 27, 2019 March 27, 2020

At the Meeting, the Shareholders will be asked to vote on the following ordinary resolution, with or without variation:

“Be it resolved as an ordinary resolution that:

1. 573,339 restricted share units granted by the Company after May 12, 2016 are hereby approved and ratified.
2. Any one director or officer of the Company is hereby authorized, for and on behalf of the Company, to executed and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such director or officer may be necessary or advisable to implement this resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument and the taking of any such action.”

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

The Board recommends that Shareholders vote FOR such resolution. **In the absence of contrary instructions, the management representatives named in the enclosed proxy form intend to vote FOR such resolution.**

Renewal of the Company’s Stock Option Plan

Defined terms used in this section “Renewal of the Company’s Stock Option Plan” but not defined in this Information Circular have the meanings given to them in the Stock Option Plan (as defined below).

The Company’s amended and restated stock option plan was approved by the Shareholders of the Company on June 17, 2011. On August 7, 2012, the stock option plan was amended to provide Participants (as defined below) with the right to make a cash election when exercising options. On June 27, 2013, the stock option plan was amended to clarify that the cashless exercise right provided under the Amended and Restated Stock Option Plan is not available to Participants who are residents of Canada for purposes of the *Income Tax Act* (Canada). On May 6, 2014, the Shareholders of the Company approved a second amended and restated stock option plan (the “**Stock Option Plan**”) containing language clarifying the methods by which Participants exercising their Options can pay the exercise price (certified cheque or wire) and the termination provisions.

The purpose of the Stock Option Plan is to advance the Company’s interests by providing directors, officers and employees of the Company and its subsidiaries and Eligible Service Providers (each a “**Participant**”) a performance incentive for continued and improved service with the Company and its subsidiaries and to enhance Participants’

contribution to increased total shareholder return by encouraging share ownership. The aggregate number of shares reserved for issuance under the Stock Option Plan, together with any other Share Compensation Arrangements, shall not exceed 10% of the total number of issued and outstanding Common Shares (calculated on a non-diluted basis) from time to time unless the Company receives majority approval of the Shareholders of the Company at a meeting of the Shareholders of the Company (excluding votes attaching to Common Shares beneficially owned by Insider Participants) to whom Common Shares may be issued pursuant to any proposed Share Compensation Arrangement. Exercises of options (“**Options**”) under the Stock Option Plan by Participants makes room available for new Option grants by the Company. Option grants are made by and are within the Board’s discretion.

As of the date of this Information Circular, the Company is permitted to issue a total of 45,117,401 Common Shares, representing 10% of its currently issued and outstanding Common Shares, under its equity incentive plans. The Company has 23,405,229 Common Shares available for issuance under the Stock Option Plan and the RSU Plan (representing approximately 5.2% of the outstanding Common Shares), based on the number of currently outstanding Common Shares. As of the date of this Information Circular, the Company has Options outstanding under the Stock Option Plan to purchase up to 20,928,000 Common Shares (representing approximately 4.6% of the issued and outstanding Common Shares) and 784,172 restricted share units (“**RSUs**”) outstanding under the RSU Plan (as defined below) which will result in the issuance of up to 784,172 Common Shares (representing approximately 0.2% of the issued and outstanding Common Shares). The Company has a total of 21,712,172 Options and RSUs outstanding as of the date of this circular (representing approximately 4.8% of the issued and outstanding Common Shares).

The rules of the TSX require that all unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed maximum aggregate of securities issuable be approved every three years after institution. The Stock Option Plan was approved by the Shareholders on May 6, 2014, such approval being effective until May 6, 2017. Shareholders are to approve the Stock Option Plan, as attached in Schedule C.

Summary of the Stock Option Plan

A copy of the Stock Option Plan (highlighting the changes that have been made to the Amended and Restated Stock Option Plan since its adoption) is attached to this Information Circular as Schedule C. The principal terms of the Stock Option Plan are summarized as follows:

- The Stock Option Plan is administered by the Board, or such other Persons may be designated by the Board from time to time (the “**Administrators**”). The Administrators have full and final authority with respect to the granting of all Options, subject to the requirements of the TSX. Options may be granted under the Stock Option Plan to such Participants, as the Administrators may from time to time designate.
- The number of Common Shares reserved for issuance pursuant to the Stock Option Plan together with any other Share Compensation Arrangements shall not exceed, at any time, 10% of the issued and outstanding Common Shares.
- The number of Common Shares issuable to Insider Participants pursuant to the Stock Option Plan and any other Share Compensation Arrangements shall not exceed, at any time, 10% of the issued and outstanding Common Shares.
- The number of Common Shares issued to Insider Participants pursuant to the Stock Option Plan and any other Share Compensation Arrangements shall not exceed, within any one-year period, 10% of the issued and outstanding Common Shares.
- The number of Common Shares issuable pursuant to Options to any one “independent” member of the Board (as defined in National Instrument 58-101 – Disclosure of Corporate Governance Practices) shall not exceed 1% of the issued and outstanding Common Shares.
- A Participant, other than a Participant that is a resident of Canada for purposes of the *Income Tax Act* (Canada), may elect to exercise an Option, in whole or in part, without payment of the aggregate exercise price due on such exercise by providing written notice of such election to the Administrators, in which case, the Participant shall receive that number of Common Shares as is determined by application of the following formula, after deduction of any income tax and any other amounts required by law to be withheld:

$$X = [Y(A-B)]/A$$

Where

X = the number of Common Shares to be issued to the Participant upon such cashless exercise

Y = the number of Common Shares underlying the Options being exercised

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

B = the exercise price of the Options being exercised.

- A Participant is entitled to exercise together with payment of the exercise price for Common Shares or pursuant to a Cashless Exercise, at the Participant's discretion, the Participant may elect (a "Cash Election") to surrender such Options in lieu of exercising same, and to receive upon such surrender, instead of Common Shares, a cash amount equal to the following, after deduction of any withholding taxes and other withholding liabilities required by law to be withheld, for the number of Common Shares underlying the Options surrendered by the Participant, all as determined by the Administrators in good faith and in their sole discretion:

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

Where

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

Y = the number of Common Shares underlying the Options being exercised

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

B = the exercise price of the Options being exercised.

Options may be granted at a price that is not less than the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the day on which an Option is granted (or, if the Common Shares are not then listed and posted for trading on the TSX, on such exchange on which the Common Shares are listed and posted for trading and, in the event that the Common Shares are not listed and posted for trading on any stock exchange, the Options may be granted at a price determined by the Administrators of the Stock Option Plan, in their sole discretion).

Subject to earlier termination upon certain events as hereinafter described, each Option and all rights thereunder granted pursuant to the Stock Option Plan shall expire on the date determined by the Administrators, provided that in no circumstances shall any Options be exercisable after 10 years from the date they are granted.

Options will vest on the date or dates determined by the Administrators when the Option is granted and as set out in the Option Confirmation provided to the Participant. Options that are not exercised prior to expiration or that are cancelled are then available for subsequent Option grants.

If the expiry date of an Option occurs during, or within 10 days of the end of a "blackout period" of the Company, as defined in the Company's charters and policies governing trading in the Company's securities, the expiry date of such Option shall be extended until the end of the 10th day following the end of the applicable "blackout period".

If an Event of Termination has occurred, the Options, to the extent not available for exercise as of the date of the Event of Termination, shall, unless otherwise determined by the Administrators in their sole discretion, forthwith and automatically be cancelled, terminated and not available for exercise.

Except as otherwise provided in the Stock Option Plan or in a written employment or consulting contract between a Participant and the Company or a subsidiary, upon an Event of Termination, the vested Options granted to the affected Participant that are available for exercise may be exercised only before the earlier of: (a) the termination of the Option; and (b) 30 days from the date of the Event of Termination (unless the Event of Termination is the death of the Eligible Individual) or one calendar year from the date of the Event of Termination (if the Event of Termination is the death of the Eligible Individual); and only in respect of Common Shares that were available for purchase at the date of the Event of Termination.

Notwithstanding the foregoing, if a Participant is being terminated for just cause, all Options held by such Participant, whether vested or unvested, shall terminate on the date of the Event of Termination and shall not be available for exercise by the Participant, and all such Options shall, unless otherwise determined by the Administrators in their discretion, forthwith and automatically be cancelled.

If the Administrators at any time by resolution declare it advisable to do so in connection with a transaction that, if completed, would result in a Change of Control (a “**Proposed Transaction**”), all issued and outstanding Options shall be exercisable (whether or not then vested) immediately prior to completion of the Proposed Transaction and shall automatically terminate 180 days after the Proposed Transaction is completed or on such other date as may be determined by the Board in its sole discretion, provided that such date shall not precede the date on which the Proposed Transaction is completed.

Except with respect to a Participant’s death, Options may not be transferred, assigned, charged, pledged or hypothecated, or otherwise alienated. Options may be exercised by the Participant, and on the Participant’s death, the legal representative of his or her estate or any other Person who acquire his or her rights in respect of an Option by bequest or inheritance.

Subject to regulatory requirements, the Board shall be entitled to make amendments to the Stock Option Plan, which it deems necessary and without Shareholder approval. Such amendments may include, without limitation: (a) amendments of a “housekeeping” nature; (b) amendments to the termination provisions of Options or the Stock Option Plan that do not entail an extension beyond 10 years from the date on which an Option is granted; (c) amendments to the vesting provisions; (d) amendments to the class of Participants eligible to participate in the Stock Option Plan; and (e) the addition of a form of financial assistance and any amendment to a financial assistance provision that is adopted, provided that the Board shall not be entitled to make amendments to the Stock Option Plan without required Shareholder approval if such amendments: (i) increase the percentage of the issued and outstanding Common Shares issuable under the Stock Option Plan; (ii) amend the amendment provisions of the Stock Option Plan; (iii) reduce the exercise price or extend the expiry date of Options (for greater certainty, the foregoing shall not restrict the extension of Options as a result of a “blackout period”) or cancel and reissue Options; or (iv) amend limits on the issuance of Common Shares as set out in Section 8 of the Stock Option Plan.

The Board may terminate the Stock Option Plan at any time in its absolute discretion, in which case, no further Options shall be granted, but the Options then outstanding shall continue in full force and effect in accordance with the provisions of the Stock Option Plan.

Pursuant to the rules of the TSX, unallocated Options under the Stock Option Plan require approval by the Shareholders every three years.

The full text of the resolution approving the renewal of the Stock Option Plan and unallocated Options that the Shareholders are being asked to consider and approve is attached hereto as Schedule D. If approval is obtained at the Meeting, the Company will not be required to seek further approval of the grant of unallocated Options until the Company’s 2020 annual shareholders’ meeting (provided that such meeting is held on or prior to May 11, 2020). If approval is not obtained at the Meeting, Options which have not been allocated as of May 11, 2017 and options which are outstanding as of such date and are subsequently cancelled, terminated or exercised will not be available for a new grant of Options. Previously allocated Options will continue to be unaffected by the approval or disapproval of the resolution. To be effective, the resolution approving the renewal of the Stock Option Plan and the unallocated Options must be approved by at least 50% of the votes cast in person or by proxy by the Shareholders at the Meeting.

The Board recommends that Shareholders vote FOR the ordinary resolution set out at Schedule D of this Information Circular renewing the Stock Option Plan. **In the absence of contrary instructions, the management representatives named in the enclosed proxy form intend to vote FOR such resolution.**

EXECUTIVE COMPENSATION¹

The following table provides a summary of total compensation earned during each of the 12 month periods ended December 31, 2016, December 31, 2015 and December 31, 2014, 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, 2016 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, 2016 (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 RSU Plan.

SUMMARY COMPENSATION TABLE									
Name and Principal Position of Named Executive Officer	Year	Salary ⁽¹⁾ USD	Share-Based Awards USD	Option Based Awards ⁽²⁾ USD	Non-Equity Incentive Plan Compensation		Pension Value	All Other Compensation	Total Compensation USD
					Annual Incentive Plans	Long-Term Incentive Plans			
Bradford A. Mills ⁽³⁾ Executive Chair of the Board	2016	210,000	NIL	275,512	135,000	NIL	NIL	NIL	650,512
	2015	240,000	NIL	504,046	120,000	NIL	NIL	NIL	824,523
	2014	234,390	NIL	437,410	199,750	NIL	NIL	NIL	938,186
Mark Sander ⁽⁴⁾ President and Chief Executive Officer	2016	363,750	NIL	132,603	126,000	NIL	NIL	NIL	622,353
	2015	255,000	NIL	115,378	112,000	NIL	NIL	NIL	482,378
	2014	247,816	NIL	133,055	164,500	NIL	NIL	NIL	545,371
Dominic Duffy Chief Operating Officer	2016	250,000	NIL	73,949	117,000	NIL	NIL	NIL	440,949
	2015	250,000	NIL	89,573	104,000	NIL	NIL	NIL	459,641
	2014	253,199	NIL	97,602	164,500	NIL	NIL	NI	515,301
Sanjay Swarup ⁽⁵⁾ Chief Financial Officer	2016	240,000	NIL	61,219	63,000	NIL	NIL	NIL	364,219
	2015	240,000	NIL	81,970	56,000	NIL	NIL	NIL	377,970
	2014	234,390	NIL	92,731	94,000	NIL	NIL	NIL	421,121

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 those disclosed in the December 31, 2016 financial statements. The option-based awards vest 100% in three years from the issue date for options issued in 2014, 2015 and 2016.
- (3) Mr. Mills’ compensation was paid for management services provided to the Company. Mr. Mills was not paid any compensation for his role as a director until March 27, 2017. On March 27, 2017 Mr. Mills transitioned from Executive Chair to Chairman of the Board.
- (4) On March 23, 2016 Mr. Sander transitioned from President of the Company to President and Chief Executive Officer. Mr. Sander’s compensation was paid for management services provided to the Company. Mr. Sander was not paid any compensation for his role as a director.
- (5) Mr. Swarup’s compensation was paid for management services provided to the Company. Mr. Swarup was not paid any compensation for his role as a director.

¹The 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 Information Circular, and in accordance with s. 3.3 of Form 51-102F6, compensation for all three years is reported in US dollars. The exchange rates used for disclosure for fiscal 2014 is \$1 = CDN\$1.1041, US\$1 = CLP571, and US\$1 = AD\$1.1078 and for fiscal 2015 is \$1 = CDN\$1.2768, US\$1 = CLP654, and US\$1 = AD\$1.0412 and for fiscal 2016 is \$1 = CDN\$1.3236, US\$1 = CLP676, and US\$1 = AD\$1.3437.

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, 2016 (including option-based awards granted to a Named Executive Officer before such fiscal year). As at December 31, 2016, the Company did not have any other equity incentive plans other than the Stock Option Plan. The RSU Plan is reserved for independent directors.

Name of Named Executive Officer	Number of Securities Underlying Unexercised Options	Option Exercise Price (CDN\$/Security)	Option Expiration Date	Value of Unexercised In-the-Money Options (CDN) ⁽¹⁾
Bradford A. Mills Executive Chair of the Company ⁽²⁾	1,250,000	1.13	March 18, 2018	NIL
	1,250,000	0.98	March 24, 2019	NIL
	1,250,000	0.91	March 24, 2020	NIL
	500,000	0.91	March 23, 2021	NIL
Mark Sander President and Chief Executive Officer	350,000	1.13	March 18, 2018	NIL
	350,000	0.98	March 24, 2019	NIL
	350,000	0.91	March 24, 2020	NIL
	1,500,000	0.91	March 23, 2021	NIL
Dominic Duffy Chief Operating Officer	250,000	1.13	March 18, 2018	NIL
	300,000	0.98	March 24, 2019	NIL
	350,000	0.91	March 24, 2020	NIL
	350,000	0.91	March 23, 2021	NIL
Sanjay Swarup Chief Financial Officer	250,000	1.13	March 18, 2018	NIL
	250,000	0.98	March 24, 2019	NIL
	250,000	0.91	March 24, 2020	NIL
	250,000	0.91	March 23, 2021	NIL

Notes:

- (1) This column contains the aggregate value of in-the-money unexercised options as at December 31, 2016, 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, 2016, being CDN\$0.64, and the exercise price of the options.
- (2) Mr. Mills' compensation was paid for management services provided to the Company. Mr. Mills was not paid any compensation for his role as a director until March 27, 2017. On March 27, 2017 Mr. Mills transitioned from Executive Chair to Chairman of the Board.

The following table sets out information with respect to compensation plans under which equity securities of the Company are authorized for issuance as at December 31, 2016:

Plan Category	Securities to be issued upon Exercise of Outstanding Option Rights (#)	Weighted-Average Exercise Price of Outstanding Options (\$/Security)	Securities remaining Available for future issuance under Equity Compensation Plans (#) ⁽¹⁾
Equity compensation plans approved by security holders			
Stock Option Plan	19,242,200	0.99	3,316,500
RSUs	282,177	N/A	22,276,523
Equity compensation plans not approved by securities holders	NIL	NIL	NIL
Total	19,524,377	0.99	25,593,024

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.

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, 2016.

Name of Named Executive Officer	Option-Based Awards – Value Vested During Year Ended December 31, 2016 (US\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation – Value Earned During Year Ended December 31, 2016 (US\$)
Bradford A. Mills	451,544	135,000
Mark Sander	126,435	126,000
Dominic Duffy	90,311	117,000
Sanjay Swarup	90,311	63,000

Notes:

(1) The exchange rate used is US\$1 = CDN\$1.3239, corresponding to the average exchange rate of the Bank of Canada for year-end December 31, 2016.

The only equity incentive award plan of the Company under which awards were made to Named Executive Officers during the 2016 fiscal year was the Stock Option Plan. The RSU Plan was reserved for Independent 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 this Information Circular. 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 this Information Circular. For a description of the material terms of the non-equity incentive plan compensation, see “Compensation Discussion and Analysis – Annual Bonuses” in this Information Circular.

Compensation Discussion and Analysis

Introduction

The Compensation Discussion and Analysis section of this Information 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

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 is a director of Golden Star Resources Ltd. and Detour Gold Corp. 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 did not receive independent advice in 2016.

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 Executive Incentive Bonus plan ("**EIB**"). In addition, General Managers and their direct reports are eligible to participate in a Superintendents Incentive Bonus plan ("**SIB**"), the operational targets for which are aligned with the EIB targets also pre-approved and reviewed by the Board.

The table below sets out actual performance against EIB targets that were approved by the Board in March 2017 for the year ended December 31, 2016. If the target for any particular metric was not achieved, no amount was added to the bonus pool in respect of such metric; however, the Compensation Committee did recommend an exception to the Board. In particular, the Compensation Committee reviewed the 2016 Reserves targets and provided discretionary approval for the full payment of replacing reserves at \$100,000 considering the Company was substantially close to the replacement target.

In March, 2017, the Board approved a total EIB payout of \$500,000 on recommendation from the Compensation Committee.

Metric	Target	Addition to Bonus Pool if Target Achieved in 2016	2016 Actual	Achieved or Not	Addition to Bonus Pool for 2016
Production, Costs, Financial	Production: at least 167,000 ounce of gold equivalent ⁽¹⁾	\$400,000	145,497 ounce of gold equivalent	No	-
	Company average Cash Operating Cost ⁽²⁾ : no more than \$750/ ounce of gold equivalent	\$400,000	\$914	No ⁽⁶⁾	-

Metric	Target	Addition to Bonus Pool if Target Achieved in 2016	2016 Actual	Achieved or Not	Addition to Bonus Pool for 2016
	Company average All-in Cost ⁽²⁾ : no more than \$1,025/ ounce of gold equivalent	\$300,000	\$1,220	No ⁽⁶⁾	-
	EBITDA ⁽³⁾ : at least \$70,000,000	\$700,000	\$50,758,000	No	-
Reserves and Developed State	Increase Reserves by amount equal to 2016 depletion ⁽⁵⁾	\$100,000	\$153,000	Yes	\$100,000 ⁽⁷⁾
	Increase Reserves by amount equal to 2X 2016 depletion ⁽⁴⁾	\$500,000	-	No	-
	Developed State of Underground Mines ⁽⁵⁾ 40%	\$500,000	19%	No	-
Safety	Less than 16 lost time injuries	\$300,000	8	Yes	\$300,000
	Zero deaths	\$300,000	1	No	-
	Total cost of 2016 environmental incident remediation less than \$10,000 ⁽⁶⁾	\$100,000	-	Yes	\$100,000
Total Bonus Pool		\$3,600,000			\$500,000

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. 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) Cost of sales excluding depletion and depreciation plus administration expense, each as reflected on the Company's audited income statement for the year ended December 31, 2016.
- (3) Determined based on the Company's audited financial statements for the year ended December 31, 2016.
- (4) For corporate level Participants includes Reserves added via acquisition, which did not occur in 2016.
- (5) Defined as tonnes mined in the year divided by tonnes of Proven Reserves as of the end of the year.
- (6) The total amount spent on fines and remediation (or obligations incurred) in the year to remediate environmental incidents and permit exceedances in the year.
- (7) The Compensation Committee reviewed the 2016 Reserves targets and provided discretionary approval for the full payment of replacing reserves at \$100,000 given that the replacement target was substantially achieved.

The bonus pool was allocated to Participants in 2016 as follows:

Position	Bonus Pool Allocation	2016 Bonus (US\$)
President & CEO	20.0%	111,045
COO	14.0%	77,745
Executive Chairman	12.0%	66,645
CFO	6.0%	33,345

Position	Bonus Pool Allocation	2016 Bonus (US\$)
Head of Stakeholder Engagement and Corporate Affairs	6.0%	33,345
All other Participants ⁽¹⁾	42.0%	177,875
Total 2016 Bonus Awarded		\$500,000

For the year ended December 31, 2017, 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 March 2017. Total EIB pool for 2017 is 5% of the actual EBITDA with a collar at 0.25x and 2x of budgeted EBITDA. The table below outlines the performance targets for the year ended December 31, 2017:

Metric	Target	Weight	Addition to Bonus Pool if Target Achieved
Production, Costs, Financial	Deliver at least budget production-- 166,000 (Au Eq. oz) ⁽¹⁾	17%	\$674,050
	Achieve corp. avg. cash cost of less than budget-- \$836 (\$/oz Au Eq.)	15%	\$594,750
	Achieve corp avg. all-in cost of less than budget-- \$1,136 (\$/oz Au Eq.)	8%	\$317,200
Reserves	At least replace 2017 mining depletion (Au Eq. oz of added P&P) ⁽²⁾	10%	\$396,500
	At least double 2017 mining depletion of (Au Eq. oz of added P&P) ⁽²⁾⁽³⁾	10%	\$396,500
Safety	Achieve less than 2016's corporate average LTIFR (4.2)	5%	\$198,250
	Achieve 20% lower than 2016's corporate average LTIFR (3.36)	5%	\$198,250
	0 Fatalities	5%	\$198,250
Environment, Permitting & Closure	Total cost of 2017 environmental incident fines and remediation <\$10,000	2%	\$79,300
	Sites deliver their permits/ licence/ surface access agreements/closure goals Cerro Bayo = 2% Björkdal = 2% Costerfield = 2% Challacollo = 2%	8%	\$317,200
Community Relations	Sites formulate and complete 2017 community action plan approved by COO, CDO and VP, LDPS) Cerro Bayo = 1% Costerfield = 1% Björkdal = 3%	5%	\$198,250
Acquisition	Publicly announce a binding acquisition agreement	10%	\$396,500
Total Bonus Pool			\$3,965,000

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. 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.

Bonus pool allocations are determined by the Compensation Committee and the Board and are expected to be as follows in 2017:

Position	Bonus Pool Allocation
President and CEO	25.0%
COO	14.0%
CFO	8.0%
CDO	8%
All other Participants	45.0%

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 November 1, 2009, the Company entered into a management contract with Bradford A. Mills in respect of his services as Chief Executive Officer of the Company. Under the terms of the contract, the Company paid Mr. Mills a retainer of CDN\$100,000 per year, or \$8,333 monthly, on the last business day of each month, and reimburses certain expenses incurred by Mr. Mills in connection with his duties under the contract. The initial term of the contract was

from November 1, 2009 to December 31, 2010. On March 11, 2011, the Board approved an increase to Mr. Mills' annual retainer from CDN\$100,000 per year to CDN\$200,000 per year. On March 9, 2012, the Board approved an increase of 20% to Mr. Mills' annual retainer from CDN\$200,000 per year to CDN\$240,000 per year. Effective January 1, 2011, other than for cause circumstances as described under the terms of the contract, Mr. Mills' contract may be terminated by either party with 12 months prior written notice. On April 1, 2015, the Board agreed to denominate Mr. Mills' compensation in USD from CAD. Mr. Mills' compensation in 2014 was US\$240,000. There was no change to Mr. Mills' compensation in 2015. In connection with Mr. Mills' transition from Chief Executive Officer to Executive Chair, effective March 23, 2016, his annual compensation was reduced to US\$200,000.

Effective February 20, 2011, the Company entered into an independent contractor agreement with Mark Sander in respect of his services as Chief Operating Officer of the Company. Under the terms of the contract, the Company paid Mr. Sander a monthly fee of CDN\$20,000 (plus applicable taxes) and reimburses certain expenses incurred by Mr. Sander in connection with his duties under the agreement. On March 9, 2012, the Board approved an increase of 4% to Mr. Sander's annual retainer from CDN\$240,000 per year to CDN\$249,600 per year. In the event of termination by the Company for any reason other than cause, death or disability, Mr. Sander is entitled to receive (i) a lump sum equal to two (2) times his fee as at the date of termination; (ii) any accrued but unpaid fees; (iii) a *pro rata* bonus payment based upon the services rendered to the date of termination if any such program is in place; and (iv) any accrued but unpaid business expenses required to be reimbursed under the agreement. The agreement may also be terminated by Mr. Sander by providing 30 days' prior written notice to the Company, in which case Mr. Sander will only be entitled to payment of any accrued but unpaid fees and any accrued but unpaid business expenses required to be reimbursed under the agreement. On March 19, 2013, the Board approved the promotion of Mark Sander from Chief Operating Officer to President of the Company. On April 1, 2014, the Board agreed to denominate Mr. Sander's compensation in USD from CAD and to increase his compensation to US\$255,000. In connection with Mr. Sander assuming the role of President & Chief Executive Officer, effective March 23, 2016, his annual compensation was increased to US\$400,000. On March 27, 2017, the Board approved certain amendments to Mr. Sander's agreement pursuant to which in the event of a termination due to a change of control or termination by the Company without any cause, Mr. Sander is entitled to receive (a) a lump sum payment equal to two (2) times his base salary as at the date of termination; and (b) continuation of his benefits for 12 months following the date of the termination.

Effective May 1, 2011, the Company entered into an independent contractor agreement with Sanjay Swarup in respect of his services as Chief Financial Officer of the Company. Under the terms of the contract, the Company paid Mr. Swarup a monthly fee of CDN\$20,000 (plus applicable taxes) and reimburses certain expenses incurred by Mr. Swarup in connection with his duties under the agreement. In the event of termination by the Company for any reason other than cause, death or disability, Mr. Swarup is entitled to receive (i) a lump sum equal to two (2) times his fee as at the date of termination; (ii) any accrued but unpaid fees; (iii) a *pro rata* bonus payment based upon the services rendered to the date of termination if any such program is in place; and (iv) any accrued but unpaid business expenses required to be reimbursed under the agreement. The agreement may also be terminated by Mr. Swarup by providing 30 days' prior written notice to the Company, in which case Mr. Swarup will only be entitled to payment of any accrued but unpaid fees and any accrued but unpaid business expenses required to be reimbursed under the agreement. On April 1, 2015, the Board agreed to denominate Mr. Swarup's compensation in USD from CAD. Mr. Swarup's compensation in 2014 was US\$240,000. There was no change to Mr. Swarup's compensation in 2015. On March 27, 2017, the Board approved certain amendments to Mr. Swarup's agreement pursuant to which in the event of a termination due to a change of control or termination by the Company without any cause, Mr. Swarup is entitled to receive (a) a lump sum payment equal to two (2) times his base salary as at the date of termination; and (b) continuation of his benefits for 12 months following the date of the termination.

The table below provides details regarding the estimated incremental payments by the Company to each of the Named Executive Officers below, on termination without cause, assuming such a termination occurred on December 31, 2016. There were no other Named Executive Officer termination agreements in place as of December 31, 2016.

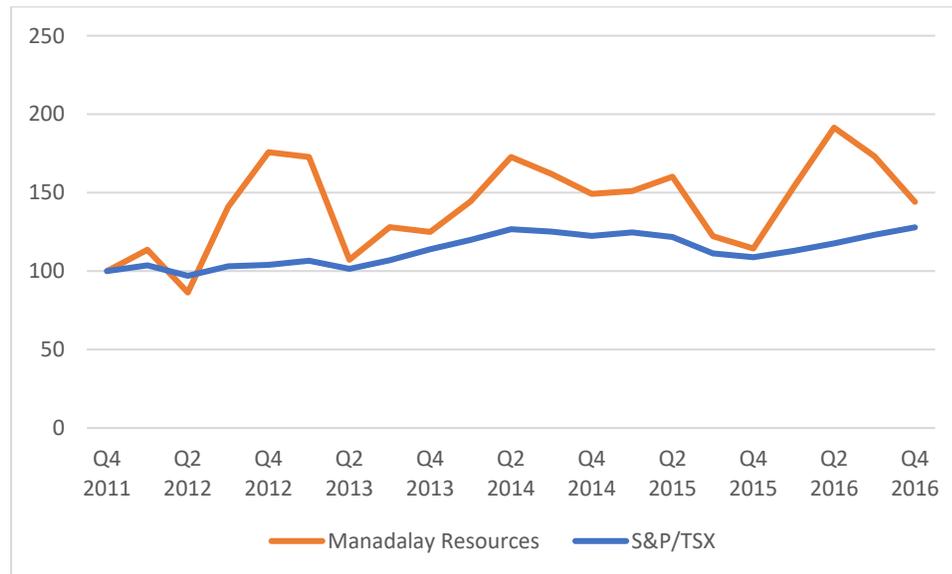
Name	Lump Sum (US\$)	Bonus (US\$)	Other Compensation (US\$)	Total (US\$)
Bradford A. Mills	NIL ⁽¹⁾	NIL	NIL	Nil
Mark Sander	\$100,000	NIL	NIL	\$100,000
Sanjay Swarup	\$60,000	NIL	NIL	\$60,000

Notes:

(1) Mr. Mills' management contract requires 12 months' prior notice for termination without cause.

Performance Graph

The graph below compares the Company's cumulative total shareholder return, including dividends, (assuming an investment of \$100 on December 31, 2010) on its Common Shares during the period from January 1, 2012 to December 31, 2016, with the S&P/TSX Composite 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

Independent directors are paid cash compensation for serving on the Board (or any subcommittee) and are provided Restricted Share Units ("RSUs"). Directors are reimbursed for travel and related expenses.

Individual Director Compensation for Fiscal Year Ended December 31, 2016

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, 2016.

Name ⁽¹⁾	Fees Earned (US\$)	Option-Based Awards (US\$)	RSU-Based Awards (US\$)	Non-Equity Incentive Plan Compensation (US\$)	All Other Compensation (US\$)	Total (US\$)
Abraham Jonker	\$13,595	NIL	\$2,141	NIL	NIL	\$15,737
Amy Freedman	\$9,064	NIL	\$51,202	NIL	NIL	\$60,265
Peter R. Jones	\$13,595	NIL	\$2,141	NIL	NIL	\$15,737
Robert Doyle	\$13,595	NIL	\$2,141	NIL	NIL	\$15,737

Notes:

(1) Neither of the non-independent directors, Mr. Mills and Mr. Sander, was paid any compensation for serving as a director of the Company.

Director Incentive Award Plans - Restricted Share Unit

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

The table below provides information concerning the RSUs of the Company with respect to each director of the Company during the fiscal year ended December 31, 2016. The only incentive award plan of the Company under which awards have been made to independent directors during the fiscal year ended December 31, 2016 was the RSU Plan.

Name of Director (1)	Option-Based Awards – Value Vested or Earned During Fiscal Year Ended December 31, 2016 (US\$)	RSU-Based Awards – Value Vested or Earned During Fiscal Year Ended December 31, 2016 (US\$)	Non-Equity Incentive Plan Compensation – Value Vested During Fiscal Year Ended December 31, 2016 (US\$)
Abraham Jonker	NIL	\$55,961	NIL
Amy Freedman	NIL	NIL	NIL
Peter R. Jones	NIL	\$58,346	NIL
Robert Doyle	NIL	\$60,895	NIL

Notes:

- (1) Neither of the non-independent directors, Mr. Mills and Mr. Sander was paid any compensation for serving as a director of the Company as of December 31, 2016.

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, Mark Sander, 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 E hereto and can be viewed on the Company's website at www.mandalayresources.com.

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

The majority of the directors of the Board are independent. Bradford Mills and Mark Sander are not considered independent because they have served, or are serving, 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, 2013, 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 independent directors of the Company for "in-camera" sessions scheduled after every meeting of the Board. The non-independent 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 2016:

Director Name	Board	Audit Committee	Compensation, Corporate Governance and Nominating Committee	Safety, Health, Environmental and Community Committee	Total	
	Meetings Attended	Meetings Attended	Meetings Attended	Meetings Attended	Meetings Attended	Overall % Attendance
Abraham Jonker	7/7	4/4	-/-	-/-	11/11	100%
Amy Freedman ⁽¹⁾	4/4	2/2	-/-	-/-	6/6	100%
Bradford A. Mills	7/7	-/-	-/-	3/3	10/10	100%
Mark Sander ⁽²⁾	5/5	-/-	-/-	-/-	5/5	100%
Peter R. Jones	7/7	1/1	2/2	3/3	13/13	100%
Robert Doyle	7/7	4/4	2/2	-/-	13/13	100%

Notes:

- (1) Ms. Freedman was appointed to the Board and Audit Committee on May 24, 2017.
(2) Mr. Sander was appointed to the Board on March 23, 2016.

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	Mark Sander	Peter Jones	Robert Doyle
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Strategic Design						
Mining Industry Global Strategic Planning	✓		✓	✓	✓	✓
Safety Program Development & Public and Industrial Health			✓	✓	✓	
Risk Management		✓	✓	✓	✓	✓
Capital Markets and Finance	✓	✓	✓	✓		✓
Operational Processes						
Geology and Exploration			✓	✓	✓	
Mining and Production Planning & Marketing	✓		✓	✓	✓	
Metallurgy			✓	✓	✓	
Stakeholder Engagement						
Local Community Relations and Environmental Management	✓		✓	✓	✓	
Corporate Communications	✓	✓	✓	✓		✓
Employee Engagement, Diversity, Planning & Compensation Strategy		✓	✓	✓	✓	✓
Labour relations	✓		✓		✓	
International & Local Government & NGO engagement	✓		✓		✓	
Scalability and Infrastructure						
IT Management and Security						✓
Global M&A Due Diligence, Execution and Integration	✓	✓	✓	✓	✓	✓
Accounting	✓	✓	✓	✓		✓
Legal, Ethics and Governance	✓	✓	✓	✓	✓	✓
Statistics						
Time Served as Director	6y 6m	11m	7y 5m	1y 1m	6y 2m	6y 6m
Gender	M	F	M	M	M	M
Highest position of Responsibility reached	CEO	CEO	CEO	CEO	CEO	CEO
Principal Occupation	Corporate Director	CEO of Kingsdale	Chair of MND	President & CEO of MND	Corporate Director	Corporate Director
Education	M. Comm.	MBA LLB	MS Geology	PhD. Ore Deposits and Exploration	P. Eng.	Honors BA
Boards Served on	3	1	3	3	3	2
Independent Director	✓	✓			✓	✓
Global Exposure						
Languages Spoken	English & Afrikaans	English	English, Spanish	English, Spanish	English	English
Countries resided in continuously for more than one year	Canada, South Africa & UK	Canada	Australia, Chile, UK, South Africa	UK + US	UK + Canada	Canada
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

Diversity

The Board has reviewed and discussed the statistics showing evidence of the low number of women represented on Canadian boards and executive teams, and in particular in the extractive industry. It has also reviewed the summary empirical evidence on the correlation of women's representation and financial performance.

Board of Directors

Mandalay currently has one female director representing 17% of its Board.

Although Mandalay does not have a policy regarding the representation of women on the Board or a target for female representation on the Board, Board effectiveness and diversity, including gender diversity, is a priority for Mandalay. 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 Information Circular.

To support a non-exclusionary and inclusive process, and to meet the broader goal of increasing women's representation at all levels of the business, the Board intends to 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.	Since July 2011
	Director – Golden Reign Resources Ltd.	Since October 2015
Robert Doyle	Director – Detour Gold Corporation	Since May 2010
	Director – Golden Star Resources Ltd.	Since February 2010

Name of Director	Name of Other Reporting Issuer	Term of Directorship
Peter R. Jones	Director – Victory Nickel Inc. Director – Rubicon Minerals Corporation	Since June 2011 Since December 2016
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
Mark Sander	Director – Helio Resource Corp. Director – Rambler Metals & Mining PLC	Since April 2013 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

In 2014, Mandalay completed a bottom-up and top-down risk management process for the Company, with the goal of identifying, managing, and reducing overall operational, financial and strategic risks faced by the Company. The identified risks, risk managers and action plans are tracked on Mandalay’s risk register. The key achievements of this process include risk profiles and individual risk records for the Company as a whole, Costerfield Operations, Cerro Bayo Operations, Challacollo Operations and Björkdal Operations. In 2015, Mandalay updated the risk registers across the Company as a whole and corporate departments, and integrated new management actions into the strategic planning and budgeting process.

In addition, KPMG, the Company’s third party internal auditors, is tasked with a risk-based internal audit process which was initiated in 2015. In 2015, KPMG conducted 14 internal audits. As of December 31, 2015, there were 64 internal audit actions within the agreed timelines for implementation. As of March 30, 2016, the Company is reviewing the KPMG 2016 Internal Audit Plan with the view of integrating audit actions from KPMG into the current risk register at Mandalay.

Thereafter, risk profiles and risk registers will be monitored quarterly, and updated annually to identify any movements in the risks. The Board will be accountable for the oversight of the Company's top-down and bottom-up risk management system.

Ethical Business Conduct

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

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

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

Nomination of Directors

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

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

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

- review the competencies, skills and personal qualities required of directors on an annual basis;
- oversee orientation and education for new directors;
- actively seek individuals qualified to become Board members;

- review and recommend membership and allocation of directors to committees;
- establish procedures for receipt of comments from all directors to be included in assessments of the Board’s performance; and
- if necessary, approve the engagement of independent advisors.

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

Compensation

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

Board Committees

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

- reviewing with senior management the Company’s goals and policies in respect of the environment and health and safety of employees and the community and providing oversight on the development and implementation of management systems relating to environmental, health and safety matters;
- ensuring that senior management has implemented an environmental and health and safety compliance audit program, which should provide an indication of the Company’s risk exposures, steps taken to monitor and control such exposures, the effect of relevant regulatory initiatives and trends and material claims, and request from senior management, periodic status reports on such program and provide feedback on necessary improvements to the program; and
- receiving environmental, health and safety reports from management that include any environmental, health and safety issues of a material nature, including details of incidents reports.

Assessments

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

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

AUDIT COMMITTEE INFORMATION

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

Audit Committee's Charter

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

Composition of the Audit Committee

The following directors are members of the Audit Committee:

Abraham Jonker	Independent	Financially literate ⁽¹⁾
Amy Freedman ⁽²⁾	Independent	Financially literate ⁽¹⁾
Robert Doyle	Independent	Financially literate ⁽¹⁾

Notes:

- (1) As defined by NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- (2) Amy Freedman was appointed to the Audit Committee on May 24, 2016 in place of Peter Jones, who had, on an interim basis, replaced Mr. Griffin on the Audit Committee.

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. Mr. Jonker is also a member of the Board of Directors of Golden Reign Resources Ltd. 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, 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 is a director of Golden Star Resources Ltd. and Detour Gold Corp. 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 Chairman of the Audit Committee deems as necessary and the Chairman 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, 2016 and December 31, 2015. E&Y was appointed as auditor of the Company on June 10, 2014.

	Fiscal Year Ended December 31, 2016 (CDN\$)	Fiscal Year Ended December 31, 2015 (CDN\$)
Audit Fees ⁽¹⁾	\$739,000	\$631,000
Tax Fees ⁽²⁾	\$225,000	\$89,000
Due Diligence	-	\$35,000
All Other Fees ⁽³⁾	\$89,000	\$90,000
Total	\$1,053,000	\$845,000

Notes:

- (1) "Audit Fees" include assurance and related services related to the performance of the audit or review of financial statements.
- (2) "Tax Fees" include tax compliance, tax advice and tax planning. The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- (3) "All Other Fees" include various non-audit services.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Since the beginning of the fiscal year ended December 31, 2016, 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 consolidated audited financial statements of the Company for the fiscal year ended December 31, 2016, which are incorporated by reference herein and which can be accessed under the Company's profile on SEDAR at www.sedar.com, or otherwise set out herein, for the fiscal year ended December 31, 2016, 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, 9th 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 Information 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 \$76,355 in 2016.

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

APPROVAL OF DIRECTORS

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

DATED at Toronto, Ontario this 11th day of April, 2017.

(signed) "Mark Sander"

Mark Sander
President and Chief Executive Officer

SCHEDULE A

MANDALAY RESOURCES CORPORATION (the “Company”)

RESTRICTED SHARE UNIT PLAN

(Initially adopted by the Board of Directors on April 12, 2013)

1. PURPOSE

The purpose of this Plan is to align the interests of directors, officers, employees and consultants of Mandalay Resources Corporation (the “**Issuer**”) with those of the holders of common shares of the Issuer, to reward directors, officers, employees and consultants of the Issuer for their sustained contributions to the Issuer and to assist in attracting, retaining and motivating directors, officers, employees and consultants of the Issuer.

2. Definitions

In this Plan:

“**Administrators**” refers to the Compensation, Corporate Governance and Nominating Committee of the Board or Person(s) to whom the Board delegate their powers hereunder;

“**Associate**” has the meaning ascribed by the *Securities Act* (Ontario);

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

“**Business Day**” means any day, other than a Saturday, Sunday, or a day on which the principal chartered banks located in the Province of Ontario are not open for business during normal business hours;

“**Cause**” means:

- (i) a breach by the Eligible Person in any material respect of any of the provisions of his or her employment or consulting agreement with the Issuer which is not remedied within 30 days after written notice of such breach is delivered to the Eligible Person, if such breach is capable of being remedied;
- (ii) the Eligible Person’s conviction for a criminal act or other indictable offence pursuant to the provisions of the *Criminal Code* (Canada) or any other criminal or penal statute of any jurisdiction which the Administrators reasonably determine may have an adverse effect upon the reputation or goodwill of the Issuer;
- (iii) theft, fraud, embezzlement from the Issuer or any other material act of dishonesty by the Eligible Person which the Administrators reasonably determine may have an adverse effect upon the reputation or goodwill of the Issuer; or
- (iv) any other reason or conduct that constitutes just cause for dismissal under applicable law.

“Change of Control” means any of the following:

- (i) the acquisition, directly or indirectly and by any means whatsoever, by any one shareholder, or group of shareholders acting jointly or in concert, of more than 50% of the outstanding voting shares of the Issuer;
- (ii) a direct or indirect sale by the Issuer (in one or more transactions) of all or substantially all of its assets on a consolidated basis to an unrelated third party, or other liquidation or dissolution of the Issuer; or
- (iii) a merger, consolidation, arrangement or other reorganization of the Issuer which results in the Issuer’s shareholders immediately prior to such transaction owning less than 50% of the voting shares of the resulting entity.

“Common Share” means a common share of the Issuer;

“Common Share Compensation Arrangement” means an option to purchase Common Shares, or a plan in respect thereof, an employee Common Share purchase plan, or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to directors, managers, officers and/or employees of the Issuer or its subsidiaries including any Common Share purchase from treasury which is financially assisted by the Issuer by way of a loan, guarantee or otherwise;

“Consultant” has the meaning given to it in National Instrument 45-106 – *Prospectus and Registration Exemptions*;

“Dividend Declaration Date” means any day on which a dividend is declared on the Common Shares;

“Eligible Person” means the directors, officers, employees or Consultants of or to the Issuer or any of its Subsidiaries;

“Grant Date” means, in respect of an RSU, the date that such RSU is granted to a Participant under this Plan;

“Disability” means any incapacity of or inability by the Eligible Person, including any physical or mental incapacity, disease or affliction of the Eligible Person as determined by a legally qualified medical practitioner or by a court, which has prevented or which will likely prevent the Eligible Person from performing the essential duties of his or her position (taking into account reasonable accommodation by the Issuer) for a continuous period of 6 months or for any cumulative period of 180 days in any 18 consecutive month period;

“Insider Participant” means a Participant who is a “reporting insider” as defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*;

“Issuer” means Mandalay Resources Corporation;

“**Market Price per Common Share**” means, on an applicable day, the volume weighted average closing price of Common Shares on the TSX, or any other exchange upon which the shares of the Issuer are traded, for the five trading days immediately preceding such applicable day;

“**Participant**” means an Eligible Person who is granted RSUs and who has executed and delivered to the Issuer a Participation Agreement and Confirmation in accordance with this Plan;

“**Participation Agreement and Confirmation**” means participation agreement and confirmation substantially in the form attached as Appendix C hereto;

“**Person**” means any individual, issuer, partnership, business trust, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity;

“**Plan**” means this Restricted Share Unit Plan, as amended and/or amended and restated from time to time;

“**RSU Account**” means an account that shall be maintained by the Issuer for each Participant that will show the RSUs credited to a Participant from time to time;

“**RSUs**” means restricted share units to be issued under the Plan, with each RSU notionally representing one Common Share;

“**Subsidiary**” has the meaning given to it in National Instrument 45-106 - *Prospectus and Registration Exemptions*;

“**Termination**” or “**Terminated**” means any situation where a Participant has lawfully or unlawfully ceased to be a Participant regardless of the reasons therefor and whether or not notice has been provided;

“**Termination Date**” means:

- (a) *in the case of a Participant who lawfully or unlawfully ceases to be employed or engaged as a Participant as a result of resignation, the later of:*
 - (i) the date on which the notice of his or her intention to resign all of his or her positions with the Issuer and any subsidiary is provided, and
 - (ii) the effective date of the resignation, if any, which is specified in the notice referred to above;
- (b) *in the case of a Participant who lawfully or unlawfully ceases to be employed or engaged as a Participant as a result of Termination by the Issuer or any subsidiary,*
 - (i) other than for Cause, the date specified by the Issuer and/or its subsidiary in writing to the Participant as being the last day on which the Participant is to report to work for the Issuer and/or its Subsidiary, or

- (ii) for Cause, the day on which the notice of termination is given; and
- (c) *in the case of a Participant who lawfully or unlawfully ceases to be employed or engaged as a Participant of the Issuer or any Subsidiary as a result of retirement, death, Disability or any other means, the date on which such retirement, death, Disability or other event occurs.*

“**TSX**” means the Toronto Stock Exchange; and

“**Vesting Date**” has the meaning set forth in Section 6 hereof.

3. **Administration**

The Plan shall be administered by the Administrators, who will have, except as otherwise provided herein, the sole and complete authority to make all determinations and to take all actions necessary or advisable for the implementation and administration of the Plan, subject to Sections 1(a)(a) and 21 and the terms of any Participant’s employment agreement. Subject to Section 11 and other limitations of the Plan, the Administrators shall have the power and authority to:

- (a) *adopt rules and regulations for implementing the Plan;*
- (b) *determine when RSUs shall be granted, the vesting period for each grant of RSUs and whether any adjustment(s) (performance-related or otherwise) shall apply prior to vesting any RSUs granted;*
- (c) *interpret and construe the provisions of the Plan;*
- (d) *alter or adjust any provision that is expressly provided herein in circumstances so as to operate the Plan as objectively as possible;*
- (e) *subject to regulatory requirements, make exceptions to the Plan in circumstances which they determine to be exceptional;*
- (f) *impose certain conditions at the date of grant for any RSUs, which would have to be met for a Participant to be entitled to redeem RSUs granted; and*
- (g) *make amendments to the Plan in accordance with Section 16 hereof.*

All decisions and determinations of the Administrators respecting the Plan shall be binding and conclusive on the Plan and the Participants.

4. **Participation in the Plan**

(a) Participation Right

No Person shall be entitled as of right to participate in the Plan and the decision as to who will have the opportunity to participate in the Plan and the extent of such participation shall be made by the Administrators, in their sole and absolute discretion.

(b) Participation Agreement and Confirmation

Participation in the Plan by each Participant is conditional on the Participant executing and delivering to the Issuer a Participation Agreement and Confirmation in the form attached hereto as Schedule A in respect of each grants of RSUs.

5. **Grant of RSUs to Eligible Persons**

(a) Grant of RSUs

Subject to Section 10, the Administrators or the Board shall have the right to grant RSUs to such Participant or Participants in such amounts and at such times as they may determine as a bonus or other payment or compensation in respect of services rendered by the Participant, including as an incentive for future performance by the Participant. Each Participant's RSU Account will show the RSUs credited to such Participant from time to time.

(b) Entitlement to Dividends on RSUs

Each RSU credited to a Participant's RSU Account shall receive a distribution equal to the amount of dividends paid per Common Share. Such distributions shall be credited to a Participant's RSU Account in the form of additional RSUs immediately following any Dividend Declaration Date. The number of RSUs to be credited for each dividend will be equal to the aggregate amount of such dividend divided by the Market Price per Common Share determined on the applicable Dividend Declaration Date. For the purposes of the Plan, any references to a Participant's RSUs shall include RSUs credited to such Participant's RSU Account pursuant to this Section 5(b) in lieu of Common Share dividends. For the purposes of Section 6, all such RSUs credited to a Participant's RSU Account pursuant to this Section 5(b) shall be deemed to have the same Grant Date as those RSUs for which the applicable dividends were declared.

(c) Rights as a Shareholder

Until Common Shares have been issued to a Participant pursuant to the redemption of RSUs in accordance with this Plan, such Participant shall not possess any incidence of ownership of the underlying Common Shares including, for greater certainty and without limitation, the right to exercise voting rights and, except as provided herein, the right to receive any dividends in respect of such Common Shares. Such Participant

shall only be considered a shareholder in respect of such Common Shares when such issuance has been entered upon the records of the duly authorized transfer agent of the Issuer.

6. **Vesting of RSUs**

Except as otherwise specified herein or as set out in a Participation Agreement and Confirmation, each grant of RSUs will vest as follows: 1/3 of such RSUs on the first anniversary of the Grant Date; 1/3 of such RSUs Award on the second anniversary of the Grant Date; and the balance of such RSUs Award on the third anniversary of the Grant Date (each, a “**Vesting Date**”). Notwithstanding the foregoing, the Administrators may, in their sole discretion, accelerate the Vesting Date for any or all RSUs for any Participant at any time.

7. **Redemption of Vested RSUs**

(a) General

Effective as of a given Vesting Date, the Issuer shall, forthwith following the applicable Vesting Date, redeem the vested portion of each Participant’s RSUs by issuing one Common Share for each RSU so redeemed (net of any applicable withholdings). Common Shares issued by the Issuer from treasury upon the redemption of RSUs shall be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Issuer would have received if the Common Shares had been issued for money.

(b) Effect of Redemption of RSUs

A Participant shall have no further rights respecting any RSU which has been redeemed.

8. **Change of Control**

Notwithstanding the conditions as to vesting of RSU contained herein or in any Participation Agreement and Confirmation, all outstanding RSUs shall vest and be redeemed immediately prior to any Change of Control.

9. **Termination of Employment and Forfeiting**

(a) General

Unless otherwise determined by the Administrators pursuant to Section 9(b), on a Termination Date any unvested RSUs held by a Participant shall terminate and be forfeited.

(b) Termination without Cause or on Death

Notwithstanding Section 9(a):

- (i) where a Participant ceases to be an employee of the Issuer or a subsidiary as a result of the termination of his or her employment or engagement without Cause, then, at the Administrators discretion, all or a portion of such Participant’s RSUs may be permitted to continue to vest, in accordance with their terms, during any statutory or common law

severance period or any period of reasonable notice required by law or as otherwise may be determined by the Administrators in their sole discretion; and

- (ii) where a Participant ceases to be an employee of the Issuer or a subsidiary as a result of the death of the Participant, then, at the Administrators discretion, all or a portion of such Participant's RSUs may be permitted to continue to vest, in accordance with their terms, for up to one year after the date of the Participant's death.

10. **Common Shares Subject to Issuance Under the Plan**

The maximum number of Common Shares that may be reserved for issuance at any time under the Plan upon the redemption of RSUs is 5% of the number of Common Shares issued and outstanding at such time, subject to increase or decrease by reason of amalgamation, rights offerings, reclassifications, consolidations or subdivisions, or as may otherwise be permitted by applicable law and the TSX. No RSUs may be granted if such grant would have the effect of causing the total number of Common Shares issuable upon the redemption of RSUs to exceed the above-noted total number of Common Shares reserved for issuance pursuant to this Plan.

To the extent any RSUs granted under the Plan terminate for any reason prior to the redemption in full or are cancelled (with the consent of the Participant) the Common Shares issuable upon the redemption of such RSUs shall be added back to the number of Common Shares reserved for issuance under this Plan and such Common Shares will again become available for grant under this Plan.

11. **Limit on Issuance of Common Shares**

Except with the approval of the shareholders of the Issuer given by the affirmative vote of a majority of the votes cast at a meeting of the shareholders of the Issuer, no RSUs shall be credited to any Participant if such credit could result, at any time, in:

- (a) *the number of Common Shares reserved for issuance to Participants, pursuant to the redemption of RSUs and with any other Common Share Compensation Arrangement, exceeding 10% of Common Shares then issued and outstanding;*
- (b) *the number of Common Shares issuable to Insider Participants, at any time under this Plan pursuant to the redemption of RSUs and any other Common Share Compensation Arrangements, exceeding 10% of Common Shares then issued and outstanding; or*
- (c) *the number of Common Shares issued to Insider Participants, within any one-year period, under this Plan pursuant to a redemption of RSUs and any other Common Share Compensation Arrangements, exceeding 10% of Common Shares then issued and outstanding.*

In the event that the Issuer or any of its subsidiaries purchases Common Shares for cancellation or cancel any outstanding Common Shares, the Issuer shall be deemed to be in compliance with the foregoing maximum limits, if immediately prior to such purchase or cancellation, the Issuer was in compliance with such limit.

12. **Evergreen Plan**

RSUs that cannot be redeemed as a result of having terminated or expired shall not be counted for purposes of Sections 10 and 11 and shall be available for subsequent RSU Awards. This Plan is an “evergreen” plan whereby the number of Common Shares equivalent to the number of RSUs and securities of any other Common Share Compensation Arrangement that have been issued, exercised, terminated, cancelled, redeemed, repurchased or expired, at any time, are immediately re-reserved for issuance under the Plan and available for future issuances subject to the limits contained herein.

13. **Regulatory Approvals**

The Plan and any amendments thereto, including the number of Common Shares reserved for issuance hereunder, shall be subject to the approval of and conditions imposed by the TSX. To the extent that any provision of the Plan conflicts with any rules of the TSX, such rules shall govern and the Plan shall be deemed to be amended to be consistent therewith.

14. **Compliance with Legal Requirements**

The Issuer shall not be obliged to issue any Common Shares if such issuance would violate any law or regulation or any rule of any government authority or stock exchange. The Issuer, in its sole discretion, may postpone the issuance or delivery of Common Shares under any RSUs as the Administrators may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Common Shares in compliance with applicable laws, rules and regulations. The Issuer shall not be required to qualify for resale pursuant to a prospectus or similar document any Common Shares issuable under this Plan, provided that, if required, the Issuer shall notify the TSX and any other appropriate regulatory bodies in Canada of the existence of this Plan and the granting of RSUs hereunder in accordance with any such requirements.

In order to facilitate the making of any grant or combination of grants of RSUs under this Plan, the Administrators may provide for such special terms for grants as the Administrators may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Administrators may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose, provided that no such supplements, amendments, restatements or alternative versions shall include any provisions that are inconsistent with the terms of this Plan, as then in effect, unless this Plan could have been amended to eliminate such inconsistency without further approval by the shareholders of the Issuer.

15. **Unfunded Plan**

Unless otherwise determined by the Administrators, the Plan shall be unfunded. To the extent a Participant holds any rights by virtue of participation in the Plan, such rights (unless otherwise determined by the Administrators) shall be no greater than the rights of an unsecured general creditor of the Issuer.

16. **Amendment**

(a) *The Administrators reserve the right, in their absolute discretion, to amend, suspend or terminate this Plan, or any portion thereof, at any time without obtaining the approval of shareholders of the Issuer, subject to those provisions of applicable law and regulatory requirements (including the rules, regulations and policies of the TSX), if any, that require the approval of shareholders. Such amendments may include, without limitation:*

- (i) minor changes of a “house-keeping nature”, including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the Plan, or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
- (ii) amending any rights already acquired by a Participant under the Plan, including such rights that relate to the effect of termination of a Participant’s employment; provided that, except with respect to any amendments described in clause (iii) of this Section 1(a)(a), if such amendment materially and adversely alters or impairs such rights, including such Participant’s entitlement to any RSUs previously granted to him or her hereunder, the Administrators shall first obtain the consent of such Participant;
- (iii) amendments necessary to comply with the provisions of applicable law or the applicable rules of the TSX, including with respect to the treatment of RSUs granted under the Plan;
- (iv) amendments respecting the administration of the Plan;
- (v) amendments necessary to suspend or terminate the Plan;
- (vi) a change relating to the eligibility of any Participant or Eligible Person in the Plan; and
- (vii) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the applicable rules of the TSX.

(b) *Notwithstanding Section 1(a)(a), the Issuer will be required to obtain the approval of the shareholders of the Issuer for any amendment related to:*

- (i) any amendment to remove or exceed the participation limit of Insider Participants described in Section 11 hereof;

- (ii) any increase to the maximum number of Common Shares issuable upon redemption of the RSUs as a fixed number or a fixed percentage of the Issuer's outstanding Common Shares represented by such securities;
 - (iii) any amendment which would permit the RSUs granted under the Plan may be transferable or assignable other than for normal estate settlement purposes; or
 - (iv) amendments to an amending provision contained in this Section 16.
- (c) *Without amending the Plan, the Administrators may, with the consent of the applicable Participant, approve any variation in terms, including the acceleration of a redemption of RSUs held in the RSU Accounts of Participants which have not vested.*

17. **Operation of Plan**

The cost of the operation of the Plan shall be borne by the Issuer.

18. **Notices**

All notices under the Plan shall be in writing and if to the Issuer shall be delivered to the Issuer by first class post to its head office, and if to a Participant, shall be delivered personally or sent by first class post to the Participant at the address which the Participant shall give for the purpose of receiving such notice, or failing any such address to the Participant's last known place of residence. If a notice is sent by post, service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the same to such address and shall be deemed to be served 48 hours after such posting.

19. **Withholding**

The Administrators may adopt and apply rules that will ensure that the Issuer and any other person complies with all federal, provincial, foreign, state or local laws relating to the withholding of tax or other levies on employment compensation in relation to payments and distributions contemplated in this Plan. Such parties may withhold the required tax withholding obligation from amounts payable to a Participant, under the Plan or otherwise, and shall have the absolute right to satisfy such required withholding obligation by retaining and selling, on behalf of the Participant, a number of Common Shares that would otherwise have been issued to a Participant upon a redemption having an aggregate fair market value (as of the date of withholding) that would satisfy the required withholding amount due, or by accepting a sum sufficient from a Participant to indemnify the Issuer and any other person for any liability to withhold hereunder.

20. **Non-Transferability**

A Participant shall not be entitled to transfer, assign, charge, pledge or hypothecate, or otherwise alienate, whether by operation of law or otherwise, the Participant's RSUs or any rights the Participant has in the Plan, other than for normal estate settlement purposes.

21. **No Right of Employment**

Neither participation in the Plan nor any action under the Plan shall be construed so as to give any Participant a right to continue as an employee of the Issuer or any subsidiary of the Issuer.

22. **Further Assurances**

Each Participant will, when requested by the Administrators, sign and deliver all such documents relating to the granting or redemption of the RSUs which the Administrators deem necessary or desirable.

23. **Interpretation**

In this Plan, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

24. **Termination**

The Administrators may at any time terminate the Plan provided that such termination shall not affect any rights of Participants to receive RSUs for any period or partial period prior to the effective date of such termination.

25. **Choice of Laws**

This Plan shall be governed by the laws of the Province of Ontario and the federal laws applicable therein.

SCHEDULE B
RESTRICTED SHARE UNIT PLAN
PARTICIPATION AGREEMENT AND CONFIRMATION

[Name of Employee] (the “**Participant**”)

Pursuant to the Restricted Share Unit Plan (the “**Plan**”) of Mandalay Resources Corporation (the “**Issuer**”) effective April ●, 2017, the Issuer hereby grants to the Participant ● RSUs under the Plan.

Capitalized terms not defined in this agreement have the meanings given in the Plan.

The Issuer and the Participant understand and agree that the RSUs are subject to the terms and conditions of the Plan (as they exist on the date hereof), all of which are incorporated into and form a part of this agreement.

The Participant agrees to the terms and conditions set out herein and confirms and acknowledges that he/she has not been induced to enter into this agreement or acquire any RSUs or any other interest in the Plan or the Issuer by expectation of employment or continued employment with the Issuer.

DATED _____, 20_____.

MANDALAY RESOURCES CORPORATION

Per: _____

Name: _____

Title: _____

Witness

Participant Signature

SCHEDULE C
MANDALAY RESOURCES CORPORATION
(the “Company”)
SECOND AMENDED AND RESTATED STOCK OPTION PLAN

**MANDALAY RESOURCES CORPORATION
AMENDED AND RESTATED STOCK OPTION PLAN**

1. Interpretation

In this Plan, the following terms shall have the following meanings:

- (a) “**Administrators**” refers to the Board or such other Persons as may be designated by the Board from time to time;
- (b) “**Affiliate**” has the meaning ascribed thereto in the *Securities Act* (Ontario), as amended or replaced from time to time.
- (c) “**BCBCA**” means the *Business Corporations Act* (British Columbia);
- (d) “**Board**” means the board of directors of the Company;
- (e) “**Cash Election**” has the meaning ascribed thereto in Section 14;
- (f) “**Cash Election Notice**” has the meaning ascribed thereto in Section 14;
- (g) “**Cashless Exercise**” has the meaning ascribed thereto in Section 13;
- (h) “**Cashless Exercise Notice**” has the meaning ascribed thereto in Section 13;
- (i) “**Change of Control**” means:
 - (i) any transaction or series of transactions with or into any other person or entity that effects any transfer, conveyance, sale, lease or exchange of all or substantially all of the assets of the Company, to any other person (other than a person who is an Affiliate of the Company), or
 - (ii) any acquisition or series of acquisitions by any means whatsoever by any person (other than the Company, or any Affiliates thereof) or by a group of persons acting jointly or in concert (other than with the Company, or any Affiliates thereof) of that number of securities of the Company, which have associated with them that number of votes which is equal to or greater than 50% of the votes associated with the then issued and outstanding voting securities of the Company, as the case may be.
- (j) “**Common Shares**” means common shares of the Company;
- (k) “**Company**” means Mandalay Resources Corporation, a corporation incorporated under the BCBCA;
- (l) “**control**” a Person or company is considered to be controlled by another Person or company if:
 - (i) in the case of a Person or company,
 - (A) voting securities of the first-mentioned Person or company carrying more than 50% of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other Person or company or by or for the benefit of the other Persons or companies, and
 - (B) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of the first-mentioned Person or company,

- (ii) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned Person or company holds more than 50% of the interests in the partnership, or
 - (iii) in the case of a limited partnership, the general partner is the second-mentioned Person or company;
- (m) **“Eligible Individual”** means any director, officer or employee of the Company and/or any director, officer or employee of any Subsidiary;
- (n) **“Eligible Service Provider”** means any Person or company engaged by the Company and/or any Subsidiary to provide services for an initial, renewable or extended period of twelve months or more;
- (o) **“Event of Termination”** means an event whereby an individual or entity ceases to be a Participant and, in the case of an Eligible Individual or Eligible Service Provider, an Event of Termination shall be deemed to have occurred by the giving of any notice of termination of employment or service (whether voluntary or involuntary and whether with or without just cause), retirement, or any cessation of employment or service for any reason whatsoever, including disability or death;
- (p) **“Fair Market Value”** means, with respect to any particular date, the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding such date (or, if the Common Shares are not then listed and posted for trading on the TSX on such exchange on which the Common Shares are listed and posted for trading and, in the event that the Common Shares are not listed and posted for trading on any stock exchange, the Options may be granted at a price determined by the Administrators, in their sole discretion);
- (q) **“Insider Participant”** means a Participant who is an “insider” within the meaning assigned in the TSX Company Manual;
- (r) **“Option Confirmation”** has the meaning ascribed thereto in Section 11;
- (s) **“Options”** means options granted under the Plan to purchase Common Shares;
- (t) **“Participant”** means:
 - (i) an Eligible Individual, or
 - (ii) an Eligible Service Provider;
- (u) **“Person”** means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative;
- (v) **“Plan”** means this Second Amended and Restated Stock Option Plan, as it may be amended and/or amended and restated from time to time;
- (w) **“Proposed Transaction”** has the meaning ascribed thereto in Section 19;
- (x) **“reserved for issuance”** refers to Common Shares that may be issued in the future upon the exercise of Options which have been granted;
- (y) **“Share Compensation Arrangement”** means a share option, share option plan, employee share purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to directors, officers and employees of the Company or any of its Subsidiaries or to Eligible Service Providers, including a Common Share purchase from treasury which is financially assisted by the Company by way of a loan, guarantee or otherwise;

- (z) “**Subsidiary**” has the meaning ascribed thereto in section 1.1 of National Instrument 45-106 – *Prospectus Exempt Distributions*, as in effect on the date hereof; and
- (aa) “**TSX**” means the Toronto Stock Exchange.

2. Purpose

The purpose of the Plan is to advance the interests of the Company by providing to the directors, officers and employees of the Company and its Subsidiaries and Eligible Service Providers a performance incentive for continued and improved service with the Company and its Subsidiaries and by enhancing such Persons’ contribution to increased total shareholder return by encouraging share ownership.

3. Common Shares Subject to the Plan

The shares subject to the Plan shall be Common Shares. The Common Shares for which Options are granted shall be authorized but unissued Common Shares.

The Board shall authorize and reserve for issuance the number of Common Shares that may be issued upon the exercise of outstanding Options under the Plan subject to the limitation in Section 8(a).

4. Administration of the Plan

The Plan shall be administered by the Administrators. The Administrators shall have the power and authority to:

- (a) adopt rules and regulations for implementing the Plan;
- (b) determine the eligibility of Persons to participate in the Plan, when Options to eligible Persons shall be granted, the number of Common Shares subject to each Option, the exercise price of each Option, subject to Section 7 hereof, and the expiry date of each Option and the vesting period for each Option;
- (c) interpret and construe the provisions of the Plan;
- (d) subject to regulatory requirements, make exceptions to the Plan in circumstances which they determine to be exceptional;
- (e) subject to regulatory requirements, and on 30 days’ prior written notice to a Participant, cause the termination, cancellation, expiration or forfeiture of Options held by such Participant and, if the Options so terminated, cancelled, expired or forfeited, are held by a Participant who is not an Insider Participant, the Administrators may grant new Options to such Participant within 90 days following such termination cancellation, expiration or forfeiture; and
- (f) make amendments to the Plan in accordance with Section 23 hereof.

5. Eligibility

Options may be granted to any Participant as determined by the Administrators in accordance with the provisions hereof.

6. Agreement

All Options granted hereunder shall be evidenced by an agreement between the Company and the Participant substantially in the form of Schedule 1.

7. Grant of Options

Subject to the other provisions of the Plan, the Administrators shall determine the exercise price of each Option, the expiration date of each Option and any other terms and conditions relating to each Option; provided,

however, that the exercise price of each Option shall not be less than the Fair Market Value on the date such Option is granted.

8. Limit on Issuance of Common Shares

Except with the approval of the shareholders of the Company given by the affirmative vote of a majority of the votes cast at a meeting of the shareholders of the Company, excluding the votes attaching to Common Shares beneficially owned by Insider Participants to whom Common Shares may be issued pursuant to any proposed Share Compensation Arrangement:

- (a) the number of Common Shares reserved for issuance pursuant to this Plan together with any other Share Compensation Arrangements shall not exceed, at any time, 10% of the issued and outstanding Common Shares;
- (b) the number of Common Shares issuable to Insider Participants pursuant to this Plan and any other Share Compensation Arrangements shall not exceed, at any time, 10% of the issued and outstanding Common Shares;
- (c) the number of Common Shares issued to Insider Participants pursuant to this Plan and any other Share Compensation Arrangements shall not exceed, within any one-year period, 10% of the issued and outstanding Common Shares; or
- (d) the number of Common Shares issuable pursuant to Options to any one “independent” member of the Board (as defined in National Instrument 58-101 - *Disclosure of Corporate Governance Practices*) shall not exceed 1.0% of the issued and outstanding Common Shares.

In the event that the Company or any of its Subsidiaries purchases Common Shares for cancellation or any conversion, exchange or purchase rights for Common Shares attached to any securities of the Company or any of its Subsidiaries expire or otherwise are extinguished, the Company shall be deemed to be in compliance with the foregoing maximum limits, if immediately prior to such purchase, expiration or other extinguishment, the Company was in compliance with such limit.

9. Term of Option

- (a) Subject to Subsection (b) below, no Option shall be exercisable after ten (10) years from the date on which it is granted.
- (b) If the expiry date in respect of an Option occurs during, or within ten (10) days of the end of, a “blackout period” of the Company as defined in the Company’s charters and policies governing trading in the Company’s securities, the expiry date of such Option shall be extended until the end of the 10th day following the end of the applicable “blackout period”.

10. Common Shares Available for Purchase

Subject to Sections 17 and 19, the Common Shares subject to each Option shall become available for purchase by the Participant on the date or dates determined by the Administrators when the Option is granted and as set out in the Option Confirmation described in Section 11 provided to the Participant.

11. Option Confirmation

An Option confirmation, substantially in the form of Schedule 2 (each an “**Option Confirmation**”), shall be delivered by the Administrators to the Participant.

12. Exercise of Options

Subject to Sections 10, 17 and 20, an Option that has vested may be exercised at any time, or from time to time, during its term as to any number of whole Common Shares that are then available for purchase. An Option may be exercised by delivery of a written notice of the election to the Administrators, substantially in the form of Schedule 3, or in any other form acceptable to the Administrators. The written notice of the election must be accompanied by a certified cheque or wire transfer payable to the Company in an amount equal to the aggregate exercise price to be paid for the Common Shares to be acquired pursuant to the exercise of an Option.

Subject to Sections 13 and 14, upon actual receipt by the Administrators of written notice and the aggregate exercise price, the Participant exercising the Option shall be registered on the books of the Company as the holder of the appropriate number of Common Shares. No Person or entity shall enjoy any part of the rights or privileges of a holder of Common Shares subject to Options until that Person or entity becomes the holder of record of those Common Shares.

No fractional Common Shares will be issued upon a Participant exercising Options under this Section 12. Accordingly, if a Participant would be entitled to a fractional Common Share, the Participant has the right to acquire only the next lower number of full Common Shares and no payment or other adjustment will be made with respect to the fractional Common Shares so disregarded.

13. Cashless Exercise

Notwithstanding Section 12 above, a Participant may elect to exercise an Option, in whole or in part, without payment of the aggregate exercise price due on such exercise (any such exercise, a “**Cashless Exercise**”) by providing written notice of such election to the Administrators (a “**Cashless Exercise Notice**”). Upon actual receipt by the Administrators of a Cashless Exercise Notice from a Participant, the Corporation shall calculate and issue to such Participant that number of Common Shares as is determined by application of the following formula, after deduction of any income tax and other amounts required by law to be withheld:

$$X = [Y(A-B)]/A$$

Where

X = the number of Common Shares to be issued to the Participant upon such cashless exercise

Y = the number of Common Shares underlying the Options being exercised

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

B = the exercise price of the Options being exercised.

No fractional Common Shares will be issued upon a Participant making a cashless exercise pursuant to this Section 13. Accordingly, if a Participant would be entitled to a fractional Common Share, the Participant has the right to acquire only the next lower number of full Common Shares and no payment or other adjustment will be made with respect to the fractional Common Shares so disregarded.

Upon a cashless exercise by a Participant pursuant to this Section 13, the number of Common Shares underlying the Options being exercised (Y above) shall be deemed to have been issued and counted against the maximum number of authorized but unissued Common Shares available for issue under the Plan (as set out in Section 3) for the purpose of calculating the number of Common Shares remaining available for issuance subsequent to such cashless exercise.

14. Cash Election

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

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

Where

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

Y = the number of Common Shares underlying the Options being exercised

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

B = the exercise price of the Options being exercised.

A Participant electing to exercise an Option in such manner shall give written notice (a "**Cash Election Notice**") of the election to the Administrators in a form acceptable to the Administrators. Any Option surrendered pursuant to this Section 14 shall terminate and be of no further force or effect as of the time of surrender.

Notwithstanding the foregoing:

- (a) the Corporation shall have the overriding right to require a Participant to accept, in lieu of the cash otherwise due under a Cash Election, Common Shares issued from treasury as if the Participant had delivered a Cashless Exercise Notice instead of a Cash Election Notice, in whole or in part, in amounts to be determined by the Administrators in their sole discretion, and
- (b) unless waived by the Administrators in their sole discretion in respect of any particular Cash Election, no Cash Election will be valid unless:
 - (i) the Participant is a resident of Australia,
 - (ii) the Cash Election Notice in respect of such Cash Election includes a certification by the Participant that (A) the Participant has incurred or expects to incur tax obligations as a result of the vesting of Options and (B) the amount of such tax obligations is expected to be approximately equal to the proceeds payable to the Participant in connection with the Cash Election and
 - (iii) the Participant delivers a Cash Election Notice to the Corporation in respect of such Cash Election not later than two business days² after the date on which the Options being exercised by Cash Election vested.

15. Certain Adjustments

Appropriate adjustments in respect of Options granted and the number of Common Shares that are available for purchase and the purchase price for such Common Shares under the Plan shall be made by the Administrators to give effect to the number of Common Shares of the Company resulting from any arrangement, rights offerings or subdivisions, consolidations, reclassifications or reorganizations of the Common Shares, the payment of dividends by

² For these purposes a "business day" is any day other than Saturday, Sunday and statutory holidays in the Participant's jurisdiction of residence.

the Company (other than dividends in the ordinary course) or other relevant changes in the capitalization of the Company.

16. Withholding Tax

A Participant shall be solely responsible for all federal, provincial, state and local taxes resulting from his or her receipt of an Option, Common Share or other property or cash pursuant to the Plan, except to the extent that the Company has, directly or indirectly, withheld (i) cash for remittance to the statutory authorities and/or (ii) securities having a value equal to the cash to be remitted to the statutory authorities for sale on the Participant's behalf. In this regard, the Company shall be able to deduct from any payments hereunder or from any other remuneration otherwise payable to a Participant any taxes that are required to be withheld and remitted. Each Participant agrees to indemnify and save the Company harmless from any and all amounts payable or incurred by the Company or any Affiliate of the Company if it is subsequently determined that any greater amount should have been withheld in respect of taxes or any other statutory withholding.

17. Exercise Rights upon an Event of Termination

Unless determined otherwise by the Administrators, the Options shall vest and become available for purchase by the Participant in accordance with the schedule determined and set out in the Option Confirmation, provided that an Event of Termination has not occurred.

If an Event of Termination has occurred, the Options, to the extent not available for exercise as of the date of the Event of Termination, shall, unless otherwise determined by the Administrators in their sole discretion, forthwith and automatically be cancelled, terminated and not available for exercise.

Except as otherwise provided herein or in a written employment or consulting contract between a Participant and the Company or a Subsidiary, upon the occurrence of an Event of Termination, the vested Options granted to the effected Participant that are available for exercise may be exercised only before the earlier of:

- (a) the termination of the Option; and
- (b) 30 days from the date of the Event of Termination (unless the Event of Termination is the death of the Eligible Individual) or one calendar year from the date of the Event of Termination (if the Event of Termination is the death of the Eligible Individual);

and only in respect of Common Shares that were available for purchase at the date of the Event of Termination in accordance with Section 10 hereof. For greater certainty, the right to exercise Options that have not yet become available for purchase pursuant to Section 10 shall cease immediately on the date of the Event of Termination.

Notwithstanding the foregoing, if a Participant is terminated for just cause, all Options held by such Participant, whether vested or unvested, shall terminate on the date of the Event of Termination and shall not be available for exercise by the Participant and all such Options shall, unless otherwise determined by the Administrators in their sole discretion, forthwith and automatically be cancelled.

For the purposes of this Plan and all matters relating to the Options, the date of the Event of Termination shall be determined without regard to any applicable notice of termination, severance or termination pay, damages, or any claim thereto (whether express, implied, contractual, statutory, or at common law).

18. Transferability

Subject to the terms of this Section 18 with respect to a Participant's death, Options may not be transferred, assigned, charged, pledged or hypothecated, or otherwise alienated. Options may be exercised by the Participant and, upon the Participant's death, the legal representative of his or her estate or any other Person who acquires his or her rights in respect of an Option by bequest or inheritance. A Person exercising an Option may subscribe for Common Shares only in his or her own name or in his or her capacity as a legal representative.

19. Change of Control

Notwithstanding any other provision of this Plan, if the Administrators at any time by resolution declare it advisable to do so in connection with a transaction that, if completed, would result in a Change of Control (a

“**Proposed Transaction**”), all issued and outstanding Options shall be exercisable (whether or not then vested) immediately prior to completion of the Proposed Transaction and shall automatically terminate on the 180th day after the Proposed Transaction is completed or on such other date as may be determined by the Board in its sole discretion, provided that such date shall not precede the date on which the Proposed Transaction is completed.

20. Termination of Plan

The Board may terminate this Plan at any time in its absolute discretion. If the Plan is so terminated, no further Options shall be granted, but the Options then outstanding shall continue in full force and effect in accordance with the provisions of this Plan.

21. Compliance with Statutes and Regulations

The granting of Options and the sale and delivery of Common Shares under this Plan shall be carried out in compliance with applicable statutes and with the regulations of governmental authorities and applicable stock exchanges. If the Administrators determine in their discretion that, in order to comply with any such statutes or regulations, certain action is necessary or desirable as a condition of or in connection with the granting of an Option or the issue or purchase of Common Shares pursuant to the exercise of an Option, that Option may not be exercised in whole or in part unless that action shall have been completed in a manner satisfactory to the Administrators.

22. No Right to Employment

Nothing contained in this Plan or in any Option granted under this Plan shall confer upon any Person any rights to continued employment with the Company or interfere in any way with the rights of the Company in connection with the employment or termination of employment of any such Person.

23. Amendments to the Plan

Subject to regulatory requirements, the Board shall be entitled to make amendments to the Plan, which it deems necessary and without shareholder approval. Such amendments may include, without limitation:

- (a) amendments of a “housekeeping” nature;
- (b) amendments to the termination provisions of Options or the Plan that do not entail an extension beyond ten years from the date on which an Option is granted;
- (c) amendments to the vesting provisions;
- (d) amendments to the class of Participants eligible to participate in the Plan; and
- (e) the addition of a form of financial assistance and any amendment to a financial assistance provision that is adopted,

provided that the Board shall not be entitled to make amendments to the Plan without required shareholder approval if such amendments:

- (a) increase the percentage of the issued and outstanding Common Shares issuable under the Plan;
- (b) amend this Section 23;
- (c) reduce the exercise price or extend the expiry date of Options (for greater certainty, the foregoing shall not restrict the extension of Options in accordance with Section 9(b)) or cancel and reissue Options; or
- (d) amend Section 8.

24. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and shall be treated, in all respects, as a British Columbia contract. All of the Parties to this Agreement irrevocably submit to the jurisdiction of the courts of British Columbia.

25. Subject to Approval

The Plan is adopted subject to the approval of the Toronto Stock Exchange and, if required, any other required regulatory approval. To the extent a provision of the Plan requires regulatory approval which is not received, such provision shall be severed from the remainder of the Plan until the approval is received and the remainder of the Plan shall remain in effect.

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MADE EFFECTIVE the 27 day of March, 2017.

MANDALAY RESOURCES CORPORATION

Per:

Name: Mark Sander

Title: President and Chief Executive Officer

APPENDIX 1
AGREEMENT

This agreement is entered into the ___ day of _____, between Mandalay Resources Corporation (the “**Company**”) and _____ (the “**Participant**”) pursuant to the Third Amended and Restated Stock Option Plan (the “**Plan**”) adopted by the Company and effective March 27, 2017.

All capitalized terms used in this agreement and not otherwise defined shall have the meanings ascribed to them in the Plan.

Pursuant to the Plan, the Company agrees to grant an option (“**Option**”) to acquire ____ common shares of the Company (the “**Common Shares**”) to the Participant. The grant of the Option is confirmed by the Option Confirmation attached to this agreement.

The granting and exercise of the Option and the issue of Common Shares are subject to the terms and conditions of the Plan, all of which are incorporated into and form an integral part of this agreement.

This agreement shall enure to the benefit of and be binding upon the parties and their respective successors (including any successor by reason of amalgamation of any party) and permitted assigns.

By executing this agreement, the Participant confirms and acknowledges that he or she has not been induced to enter into this agreement or acquire any Option by expectation of employment or continued employment with the Company.

MANDALAY RESOURCES CORPORATION

Per:

Name: Mark Sander
Title: President and Chief Executive Officer

IN WITNESS WHEREOF

Witness

} _____
Participant

APPENDIX 2
OPTION CONFIRMATION

TO: _____
(“Participant”)

Pursuant to the Third Amended and Restated Stock Option Plan (the “**Plan**”) adopted by Mandalay Resources Corporation (the “**Company**”) effective March 27, 2017, and an agreement between the Company and the Participant dated ____ March, 2017, the Company confirms the grant to the Participant of an option (the “**Option**”) to acquire common shares of the Company (the “**Common Shares**”) at an exercise price of \$_____ per Common Share for an aggregate exercise price of \$_____.

Subject to Section 17 and Section 20 of the Plan, the Option shall be exercisable until not after June 30, 2024 (approx. seven years and 3 months after grant) and, and subject to vesting as follows:

- (a) 1/3 of the Options will vest on the first anniversary of the grant date; 1/3 of Options on the second anniversary of the grant date; and the balance of 1/3 Options on the third anniversary of the grant date.

The granting and exercise of this Option are subject to the terms and conditions of the Plan.

MANDALAY RESOURCES CORPORATION

Per: _____
Name: Mark Sander
Title: President and Chief Executive Officer

**APPENDIX 3
ELECTION**

TO: MANDALAY RESOURCES CORPORATION

Pursuant to the Second Amended and Restated Stock Option Plan (the “**Plan**”) adopted by Mandalay Resources Corporation (the “**Company**”) effective March 27, 2017, the undersigned elects to:

- (a) purchase _____ common shares of the Company (the “**Common Shares**”) which are subject to an Option granted on _____, at a price of \$ _____ per Common Share and:
 - (i) encloses a certified cheque payable to the Company in the aggregate amount of \$ _____ (the “**Aggregate Exercise Price**”), or
 - (ii) has transferred the Aggregate Exercise Price to the Company by wire transfer in accordance with the wire instructions set out below; and/or

- (b) initiate a Cashless Exercise in respect of an Option granted on _____ and receive the number of Common Shares as contemplated in Section 13 of the Plan.

Wire Instructions

Beneficiary Name: Mandalay Resources Corporation
Beneficiary Address: 330-76 Richmond Street East, Toronto, ON M5C 1P1
Type of Account: Current Account
Account no.: 160-348463-001
Currency: CAD
BIC: HKBCCATT
Bank Name: HSBC Bank of Canada
Bank Address: 101-1 Adelaide Street East, Toronto ON M5C 2V9 Canada

The undersigned requests that the Common Shares be issued in his, her or its name as follows in accordance with the terms of the Plan:

(Print Name as Name is to Appear on Share Certificate)

The undersigned acknowledges that he or she has not been induced to purchase the Common Shares by expectation of employment or continued employment with the Company.

DATED this _____ day of _____, 20__.

Witness

Participant
Title:

SCHEDULE D

MANDALAY RESOURCES CORPORATION
(the “Company”)

ORDINARY RESOLUTION OF SHAREHOLDERS
OF
MANDALAY RESOURCES CORPORATION
(the “Corporation”)

Renewal of the Corporation’s Stock Option Plan:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the Stock Option Plan, as summarized in the Information Circular of the Company dated the 11th day of April, 2017, and in the form attached as Schedule C thereto, be and is renewed, approved and adopted as the Corporation’s stock option plan;
2. all unallocated options, rights and other entitlements under the Stock Option Plan be and are hereby approved;
3. the Corporation shall have the ability to continue granting options under the Stock Option Plan until May 11, 2020; and
4. any one or more officers or directors of the Corporation be and are hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver any and all such deeds, documents, instruments and assurances and to do any and all such acts and things as such person may deem necessary in order to give full effect to the foregoing.”

SCHEDULE E

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 Chairman 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 Chairman and make any improvements the Board of Directors determines to be appropriate, except for minor technical amendments to this Charter, authority for which is delegated to the Chief Executive Officer, who will report any such amendments to the Board of Directors at its next regular meeting.

MANDALAY RESOURCES CORPORATION
(the “Company”)

Appendix A

**CATEGORICAL STANDARDS FOR DETERMINING
INDEPENDENCE OF DIRECTORS**

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

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

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

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

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

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

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