



MANDALAY RESOURCES

MANDALAY RESOURCES CORPORATION
(the “Company”)

ENVIRONMENTAL POLICY

PURPOSE

One of our six core Values is:

“RESPONSIBILITY-- We are responsible for our actions and their consequences, operating with social and environmental responsibility and promoting sustainable development.”

Following from this is one of our Key Success Factors:

“Our environmental impact is minimized and causes no permanent harm.”

This Policy is designed to guide all employees in pursuing their shared responsibility with the Company to produce this environmental outcome in ways that are consistent with local laws, permitting and regulation and that are commercially reasonable.

PRINCIPLES

Mandalay Resources is committed to maintaining the highest level of integrity in its corporate responsibilities toward resource development and environmental stewardship. Mandalay is committed to environmental protection throughout the exploration, development, operation and eventual closure and rehabilitation of each of its projects by applying sound judgment, by meeting or exceeding legislative requirements and by minimizing adverse impacts its activities may have on the environment.

GUIDELINES

To achieve these goals, Mandalay and each of its subsidiaries will:

- Be responsible for its actions and their consequences on the environment.
- Instill the ethics of environmental responsibility through education and communication with all employees, contractors, consultants and suppliers.
- Instill in all employees the recognition that environmental management is an important priority of the Company and integrate environmental considerations into all mine exploration, development, operation and closure planning.
- Implement and maintain ethical business practices and an effective risk management system, including an up-to-date timeline of all permits, expiration

As in effect August 2016

dates, and planned permit renewal activities.

- As part of its design and operating philosophy, to the extent practicable and commercially reasonable, minimize potential adverse impacts on the natural environment, for example, including, but not limited to:
 - minimizing land disturbances in the design, construction and operation of our projects with the goal, to the extent practicable and commercially reasonable, of remediating disturbed areas in such a way that they can revert to their original state or to some other beneficial use.
 - maximizing energy efficiency of our mining and process equipment to reduce absolute energy needs per unit of output;
 - reviewing options and alternatives to utilize renewable energy and low-carbon energy sources;
 - minimizing water use and recycling water as much as possible;
 - minimizing discharges (reportable or otherwise) and conducting prompt remediation and required regulatory reporting should they occur;
 - reducing use of consumables and reusing or recycling them where practical;
 - reducing degradation of equipment through wear and damage that causes needs for premature capital equipment replacement.
- Evaluate environmental performance by conducting operational and environmental monitoring programs required by law, as well as audits and other monitoring activities not necessarily required by law but that may be useful in measuring our performance under the founding Environmental Key Success Factor, and identify opportunities for improvement.
- Keep up-to-date with changes and potential changes to environmental regulations and evolving government guidelines.
- Keep up to date on technological developments that could be used to mitigate or avoid impacts.
- Encourage conservation and pollution prevention measures by requiring contractors and suppliers to provide operational guidelines that outline their own procedures and responsibilities to reduce, recycle and reuse materials when working on Mandalay-related activities.
- Assess environmental conditions regularly at all stages of mine development and closure in order to identify issues or areas in need of attention and to establish

strategies for their management.

- Be consistent with the current state of practice in the industry for environmental protection and management.
- Implement effective and transparent engagement and communication with our stakeholders when significant environmental issues arise. Respond to concerns in a timely and productive manner, identifying concerns, and where Mandalay activities are the cause, taking corrective measures to alleviate the concerns and prevent their recurrence.
- Mandalay will ensure that it maintains feasible reclamation plans at each site as well as adequate financial reserves to reclaim each site after completion of commercial activities.

ENVIRONMENTAL REPORTING AND MONITORING

Mandalay views adherence to these environmental guidelines as a continual improvement process. Mandalay managers will report to executive management on a timely basis, and at minimum on a monthly basis all government-reportable environmental incidents, and instances of non-compliance with environmental permits according to their local jurisdictions, together with likely consequences and committed remedial actions.

NON-COMPLIANCE

Failure to comply with this policy may lead to disciplinary action, up to and including termination of employment.