



MANDALAY RESOURCES CORPORATION

(the “Company”)

COMPENSATION, CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER

PURPOSE

The Compensation, Corporate Governance and Nominating Committee is appointed by the Board of Directors to assist the Board of Directors with compensation, corporate governance and nominating matters.

Compensation Matters

With respect to compensation matters, the Compensation, Compensation, Corporate Governance and Nominating Committee shall discharge the Board of Directors’ responsibilities relating to:

- recruitment, development and retention of senior management;
- appointment, performance evaluation and compensation of senior management;
- succession planning systems and processes relating to senior management;
- compensation structure for the Board of Directors and senior management including salaries, annual and long-term incentive plans and plans involving share options, share issuances and share unit awards;
- pension and benefit plans; and
- share ownership guidelines.

Corporate Governance and Nominating Matters

With respect to corporate governance and nominating matters, the Compensation, Compensation, Corporate Governance and Nominating Committee shall:

- develop and recommend to the Board of Directors criteria for selecting new directors;
- assist the Board of Directors by identifying individuals qualified to become members of the Board of Directors (consistent with criteria approved by the Board of Directors);
- recommend to the Board of Directors the director nominees for the next annual meeting of shareholders and for each committee of the Board of Directors and the chair of each committee;

- develop and recommend to the Board of Directors appropriate corporate governance principles for the Company;
- recommend to the Board of Directors procedures for the conduct of Board meetings, and the proper discharge of the Board of Directors' mandate;
- oversee the annual review of the Board of Directors', its committees' and individual directors' performance and the assessment of the Board of Directors' and committees charters; and
- undertake such other initiatives that may be necessary or desirable to enable the Board of Directors to provide effective corporate governance.

REPORTS

Compensation Matters

The Compensation, Corporate Governance and Nominating Committee shall report to the Board of Directors on a regular basis and, in any event, before the public disclosure by the Company of directors' and officers' remuneration in its management information circular, or as required by applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators.

The Compensation, Corporate Governance and Nominating Committee also shall prepare the report on the Company's executive compensation as required by applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators.

Corporate Governance Matters

The Compensation, Corporate Governance and Nominating Committee shall report to the Board of Directors on a regular basis, and in any event at least annually, with an assessment of the performance of the Board of Directors, its committees and individual directors and discuss the report with the full Board of Directors following the end of each fiscal year. The Compensation, Corporate Governance and Nominating Committee shall prepare a report on the Company's system of corporate governance practices for inclusion in the management information circular or other public disclosure documents of the Company. The Compensation, Corporate Governance and Nominating Committee also shall prepare a report disclosing the extent (if any) to which the Company does not comply with the corporate governance guidelines of applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators.

COMPOSITION

The members of the Compensation, Corporate Governance and Nominating Committee shall be two or more individuals who are appointed (and may be replaced) by the Board of Directors. The appointment of members of the Compensation, Corporate Governance and Nominating Committee shall take place annually at the first meeting of the Board of Directors after a meeting of shareholders at which directors are elected, provided that if the appointment of members of the Compensation, Corporate Governance and Nominating Committee is not so made, the directors

who are then serving as members of the Compensation, Corporate Governance and Nominating Committee shall continue as members of the Compensation, Corporate Governance and Nominating Committee until their successors are appointed. The Board of Directors may appoint a member to fill a vacancy that occurs in the Compensation, Corporate Governance and Nominating Committee between annual elections of directors. Any member of the Compensation, Corporate Governance and Nominating Committee may be removed from the Compensation, Corporate Governance and Nominating Committee by a resolution of the Board of Directors. Unless the Chair is appointed by the Board of Directors, the members of the Compensation, Corporate Governance and Nominating Committee may designate a Chair by majority vote of the members of the Compensation, Corporate Governance and Nominating Committee.

Each of the members of the Compensation, Corporate Governance and Nominating Committee shall meet the Company's Categorical Standards for Determining Independence of Directors. Each member of the Compensation, Corporate Governance and Nominating Committee shall have or develop an understanding of (i) senior management resources and compensation principles and practices and (ii) corporate governance principles and practices.

RESPONSIBILITIES

Compensation Matters

The Compensation, Corporate Governance and Nominating Committee shall:

- At least annually, review with the Chief Executive Officer the long term goals and objectives of the Company which are relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, determine and recommend to the independent directors for approval, the Chief Executive Officer's compensation based on that evaluation, and report to the Board of Directors thereon. In determining the Chief Executive Officer's compensation, the Compensation, Corporate Governance and Nominating Committee shall consider the Company's performance, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Chief Executive Officer in past years, with a view to maintaining a compensation program for the Chief Executive Officer at a fair and competitive level, consistent with the best interests of the Company.
- At least annually (and upon appointment), in consultation with the Chief Executive Officer, review and make recommendations to the Board of Directors with respect to the compensation of all members of senior management other than the Chief Executive Officer (including incentive-compensation plans, equity-based plans, the terms of any employment agreements, severance arrangements, and change in control arrangements or provisions, and any special or supplemental benefits), with a view to maintaining a compensation program for the senior management at a fair and competitive level, consistent with the best interests of the Company.
- At least annually, review and make recommendations to the Board of Directors with respect to compensation of directors, the Chairman and those acting as committee chairs to, among other things, ensure their compensation appropriately reflects the responsibilities they are assuming.

- Fix and determine (and, as it determines to be appropriate, delegate the authority to fix and determine) awards (and the vesting criteria thereof) to employees of stock, stock options or restricted share units pursuant to any of the Company's equity-based plans now or from time to time in effect or otherwise as permitted by applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators and exercise such other power and authority as may be permitted or required under those plans.
- Regularly review the efficacy of incentive compensation programs and equity-based compensation programs for the Company's directors, officers and employees, including share ownership guidelines and, when necessary, make recommendations to the Board of Directors regarding, the role and design thereof.
- In co-operation with the Company's senior management, oversee the human resources policies and programs which are of strategic significance to the Company and make recommendations thereon, as required, to the Board of Directors.
- Review all executive compensation disclosure prior to public disclosure by the Company.
- Periodically review with the Board of Directors the succession plans relating to the position of the Chief Executive Officer and other senior positions and make recommendations to the Board of Directors with respect to the selections of individuals to occupy these positions.
- Enterprise Risk Management: The Compensation, Corporate Governance and Nominating Committee shall assist the Board in fulfilling its oversight responsibilities relating to the Company's enterprise risk management program by overseeing management's identification and monitoring of risks related to human resource and compensation and recommending strategies to mitigate against such risks.

Director Candidates

The Compensation, Corporate Governance and Nominating Committee shall:

- Review annually the competencies, skills and personal qualities required of directors to add value to the Company in light of the opportunities and risks facing the Company and the Company's proposed strategies, the need to ensure that a majority of the Board of Directors is comprised of individuals who meet the independence requirements of applicable legislation and stock exchange requirements, and the policies of the Board of Directors with respect to director tenure, retirement and succession and director commitments.
- In co-operation with the Company's senior management, oversee an appropriate orientation and education for new directors in order to familiarize them with the Company and its business (including the Company's reporting structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, senior management and the independent auditor).

- Actively seek individuals qualified (in context of the Company's needs and any formal criteria established by the Board of Directors) to become members of the Board of Directors for recommendation to the Board of Directors.
- Review and recommend to the Board of Directors the membership and allocation of directors to the various committees of the Board of Directors, and the chairs thereof.
- Establish procedures for the receipt of comments from all directors to be included in an annual assessment of the Board of Director's performance.
- If the need should arise, approve the engagement of independent advisors for individual directors at the expense of the Company.

Corporate Governance and Compliance

The Compensation, Corporate Governance and Nominating Committee shall:

- Review from time to time the size of the Board of Directors and number of directors who are independent for the purpose of applicable requirements.
- At least annually, review the adequacy of the Corporate Governance Guidelines and Code of Business Conduct and Ethics of the Company and recommend any proposed changes to those Guidelines and that Code to the Board of Directors for approval.
- Be responsible for granting any waivers from the application of the Company's Code of Business Conduct and Ethics and review senior management's monitoring of compliance with that Code.
- Recommend to the Board of Directors the adoption of, and thereafter monitor, the Company's Categorical Standards for Determining Independence of Directors.
- At least annually, review the practices of the Board of Directors (including separate meetings of non-management directors and of independent directors) to ensure compliance with the Corporate Governance Guidelines of the Company.
- At least annually, review the powers, mandates and performance, and the membership of the various committees of the Board of Directors and, if appropriate, make recommendations to the Board of Directors.
- At least annually, review the relationship between senior management and the Board of Directors and, if appropriate, make recommendations to the Board of Directors with a view to ensuring that the Board of Directors is able to function independently of senior management.

MEETINGS

The Compensation, Corporate Governance and Nominating Committee shall meet at least twice per year and more frequently as circumstances require. All members of the Compensation,

Corporate Governance and Nominating Committee should strive to be at all meetings. The Compensation, Corporate Governance and Nominating Committee shall meet separately, periodically, with senior management and may request any member of the Company's senior management or the Company's outside counsel to attend meetings of the Compensation, Corporate Governance and Nominating Committee or with any members of, or advisors to, the Compensation, Corporate Governance and Nominating Committee. The Compensation, Corporate Governance and Nominating Committee will also meet in camera at each of its regularly scheduled meetings.

Quorum for the transaction of business at any meeting of the Compensation, Corporate Governance and Nominating Committee shall be a majority of the number of members of the Compensation, Corporate Governance and Nominating Committee or such greater number as the Compensation, Corporate Governance and Nominating Committee shall by resolution determine. The powers of the Compensation, Corporate Governance and Nominating Committee may be exercised at a meeting at which a quorum of the Compensation, Corporate Governance and Nominating Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Compensation, Corporate Governance and Nominating Committee. Each member (including the Chair) is entitled to one (but only one) vote in Committee proceedings.

Meetings of the Compensation, Corporate Governance and Nominating Committee shall be held from time to time and at such place as a member of the Compensation, Corporate Governance and Nominating Committee may request upon 48 hours prior notice. The notice period may be waived by a quorum of the Compensation, Corporate Governance and Nominating Committee.

The Compensation, Corporate Governance and Nominating Committee may delegate authority to individual members and subcommittees of its members where the Compensation, Corporate Governance and Nominating Committee determines it is appropriate to do so.

INDEPENDENT ADVICE

In discharging its mandate, the Compensation, Corporate Governance and Nominating Committee shall have the authority to retain (and authorize the payment by the Company of) and receive advice from special legal or other advisors as the Compensation, Corporate Governance and Nominating Committee determines to be necessary to permit it to carry out its duties. The Compensation, Corporate Governance and Nominating Committee shall have the sole authority to appoint and, if appropriate, terminate any consultant used to identify director candidates and to approve the consultant's fees and other retention terms.

ANNUAL EVALUATION

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

- Conduct a review and evaluation of the performance of the Compensation, Corporate Governance and Nominating Committee and its members, including the compliance of the Compensation, Corporate Governance and Nominating Committee with this Charter.

- Review and assess the adequacy of its Charter and the position description for its Chair and recommend to the Board of Directors any improvements to this Charter or the position description that the Compensation, Corporate Governance and Nominating Committee 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.