



# MANDALAY RESOURCES CORPORATION

(the “Company”)

## TIMELY DISCLOSURE, CONFIDENTIALITY AND INSIDER TRADING POLICY

### PURPOSE

Securities legislation, rules and regulations impose various requirements on the Company, the directors, officers and employees of the Company and its subsidiaries (the “**Mandalay Group**”) and other persons in similar relationships with the Mandalay Group (collectively, “**Mandalay Personnel**”) that are intended to ensure that:

- communications about the Mandalay Group are:
  - timely, factual, accurate and balanced; and
  - broadly disseminated so that there is no selective disclosure of material information
- individuals in a special relationship with the Mandalay Group do not trade in the shares or other securities of the Company when they are in possession of material, non-public information; and
- individuals do not pass on or tip that information to others.

This Policy is intended to help to ensure that the Company and Mandalay Personnel comply with these requirements by setting out procedures and guidelines for:

- dealing on a day-to-day basis with confidential information;
- communicating with all market participants; and
- restricting trading by Mandalay Personnel in securities of the Company and other issuers (“**Special Relationship Issuers**”) in respect of which Mandalay Personnel may receive material, non-public information while representing the Mandalay Group, if the Mandalay Personnel are in possession of material, non-public information concerning the Mandalay Group or the Special Relationship Issuer, as the case may be.

**The consequences of improper disclosure, trading or tipping (or suspicion of any of those activities) are serious, both for the individual involved and the Mandalay Group. Breach of the applicable legislation, rules and regulations may involve both civil and criminal penalties, and the monetary and reputational cost of an actual or suspected breach may be significant.**

This Policy extends to all Mandalay Personnel, those authorized to speak on behalf of the Company and all other insiders of the Company. Mandalay Personnel are responsible for ensuring compliance with this Policy by their family members with whom they reside and other members of their households and entities over which they exercise voting or investment control.

This Policy covers disclosures in documents filed with the securities regulators, financial and non-financial disclosure, and written statements made in the Company's annual and quarterly reports, news releases, letters to shareholders, presentations by senior management and information contained on the Company's website and other electronic communications. It also extends to oral statements made in speeches, press conferences and conference calls, those made in meetings and telephone conversations with analysts and investors, and in interviews with the media.

This Policy supplements securities legislation, rules and regulations regarding disclosure and trading, as well as the policies and procedures set out in the Company's other corporate governance documents. In particular, the Audit Committee Charter, the Code of Business Conduct and Ethics provide additional information regarding procedures for review of disclosure, conduct and reporting of violations.

The Board of Directors may change this Policy and the procedures that it contemplates as appropriate to carry out the purposes of this Policy and applicable legal requirements.

### **DISCLOSURE COMMITTEE**

The Disclosure Committee is the management committee responsible for overseeing the Company's disclosure practices and ensuring that all disclosure meets the standards set out in securities legislation, rules and regulations and this Policy. The Disclosure Committee consists of the Vice Presidents, Executive Vice Presidents and C-Level executives.

It is essential that the Disclosure Committee be kept fully apprised of all pending material developments in order to evaluate and discuss those events to determine the appropriateness and timing for public release of information.

The Audit Committee should review and discuss, before public disclosure, the Company's annual and quarterly financial statements, Management's Discussion and Analysis, earnings press releases and any disclosure derived from the financial statements, as well as any financial information and earnings guidance, if any, provided to analysts, as contemplated by the Audit Committee Charter and recommend the approval and dissemination of the annual financial statements and accompanying disclosure by the Board of Directors. Financial results will be publicly released immediately following approval by the Audit Committee and the Board of Directors. The Board of Directors should also review, before public disclosure, all substantive materials filed with securities regulators. All written and oral disclosure, including news releases, should be approved, before public disclosure by at least two members of the Disclosure Committee. In exceptional circumstances, the CEO may approve press releases for issuance where other Disclosure Committee members are unavailable and immediate release is required to comply with securities legislation, rules and regulation.

### **PROCEDURES AND GUIDELINES GOVERNING CONFIDENTIALITY**

#### **Principles of Confidentiality**

The protection of confidentiality is vital to the operations and affairs of the Mandalay Group. As importantly, securities legislation expressly prohibits Mandalay Personnel from disclosing material, non-public information concerning the Mandalay Group or any Special Relationship Issuer to any person (including, among others, family members, analysts, individual investors and

members of the investment community and news media), except in the necessary course of business and then, provided steps are taken to maintain confidentiality.

Because it may be difficult to determine what information is confidential, all non-public information that might be considered to influence an investor or harmful to the Mandalay Group or the person to whom it relates if disclosed should be treated as if it were confidential. As a general guideline, Mandalay Personnel should limit discussions with outsiders regarding the Mandalay Group and should not discuss the confidential affairs of the Mandalay Group or Special Relationship Issuers with outsiders. Except as contemplated in this Policy under “**Procedures and Guidelines Governing Disclosure**”, no Mandalay Personnel should disclose any confidential information or material, non-public information unless that disclosure is required as part of his or her regular duties. Where that information is to be disclosed to third parties, the Mandalay Group may want to take specific steps to preserve the confidentiality of the information, including requiring the recipient of the information to sign an appropriate form of confidentiality agreement. All inquiries (other than information of a type previously approved for disclosure on a confidential basis in the necessary course of business) from outsiders regarding confidential or material, non-public information about the Mandalay Group or any Special Relationship Issuers should be referred to a member of the Disclosure Committee who will arrange a response.

### **Guidelines for Maintaining Confidentiality**

**General Guidelines.** To protect the Mandalay Group’s confidential information, the following general guidelines should be followed on all matters. More stringent measures may be adopted for particularly sensitive matters at the discretion of the responsible individual:

- Only those third parties with a need to know should be provided with confidential information.
- Confidential information should not be discussed in public places such as elevators, hallways, restaurants, airplanes, health clubs, taxis or the subway.
- Materials containing confidential information (whether in printed or electronic format) should not be read, discarded or carried in public places in a manner that others also might read them.
- The affairs of the Mandalay Group or Special Relationship Issuers should not be discussed by Mandalay Personnel in chat rooms, bulletin boards or other public forums.
- Materials containing confidential information (and computers, cell phones or other similar devices providing electronic access to such documents) should not be left unattended in public places, such as meeting rooms, reception areas or washrooms, or visible in vehicles.
- Laptops, cell phones and similar devices should be carried in carry-on luggage (and not checked) when travelling.
- Persons from outside the Mandalay Group should not be allowed to use or be in an area (such as an employee’s office) unattended where materials containing confidential information might be read by them.

- Persons who are not Mandalay Personnel should not be told whether a special blackout period has been designated under this Policy except where such disclosure is necessary to ensure compliance with this Policy and securities legislation, rules and regulations.
- The whereabouts of Mandalay Personnel outside the office or the identity of visitors in the office should not be disclosed to outsiders or to Mandalay Personnel who don't have a need to know. (Any person receiving a request should agree to contact the employee and relay the message.)

***Special Measures.*** While judgment and care should be exercised at all times, the individual responsible for a particularly sensitive matter should consider whether other steps would be appropriate to minimize the risk of the confidentiality of information being compromised. Those steps might include:

- Restricting access to the information.
- Marking all envelopes or packages or other materials containing sensitive materials as confidential and for opening by the addressee only.
- Securing or coding all communications that will be sent by fax or e-mail.
- Storing sensitive information on computers in a manner that limits the risk that unauthorized operators might gain access.
- Logging-off computers when away from the terminal for any substantial period.
- Putting laptops, cell phones or other similar devices away when at home or travelling.
- Omitting names of parties and other identifying information from preliminary drafts of documents for sensitive matters and assigning code names to any confidential matters.
- Destroying all confidential waste paper by shredding.
- Holding of telephone and other conversations (and particularly those on speaker phones) regarding a confidential matter behind closed doors.

## **PROCEDURES AND GUIDELINES GOVERNING DISCLOSURE**

### **Disclosure Principles**

It is a basic principle of securities legislation that all persons investing in securities should have equal access to information that may affect their investment decisions. The Company is committed to an effective communications and disclosure policy for the benefit of all stakeholders, including shareholders, suppliers, customers, governmental authorities, employees and market participants that is consistent with all applicable legislation, rules and regulations.

## Material Information

“**Material information**” consists of both “material facts” and “material changes”. A “**material fact**” means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities of the Company. A “**material change**” means a change in the business, operations or capital of the Company that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Company and includes a decision to implement such a change if such a decision is made by the Board of Directors or by senior management who believe that confirmation of the decision by the Board of Directors is probable. In general terms, material information includes any information that:

- results, or could reasonably be expected to result, in a significant change in the market price or value of any of the securities of the issuer to which the information relates; or
- there is a substantial likelihood would be considered by a reasonable security holder to be important in making an investment decision.

Both positive and negative information may be material. While it is not possible to identify all information that would be considered to be “material”, regulators have suggested that the types of information listed on Schedule “A” could ordinarily be considered material.

## Non-Public Information

Information generally is “**non-public**” if it has not been widely disseminated through major newswire services, national news services and financial services. For the purposes of this Policy, information will be considered public (no longer “**non-public**”) after the close of one full trading day following the widespread public release of the information.

## Guidelines for Disclosure

***Full, Fair, Accurate, Timely and Understandable Disclosure.*** The Company should ensure that its disclosure is full, fair and accurate. Disclosure should include any information the omission of which would make the rest of the disclosure misleading. The Company should disclose all material information on a timely basis as required by all applicable legislation, rules and regulations. The Company also should strive to ensure that its disclosure is clear and understandable.

In preparing documents or presentations, if the Company included derivative information (information extracted from a document filed on behalf of another person or company), the Company should include a reference identifying the document that was the source of the information.

***Open Disclosure.*** The Company should use all reasonable efforts to ensure that any material information that is disclosed is distributed on a broad, non-exclusionary basis (for example, through a widely circulated news or wire service).

The Company should not make selective disclosure. Previously undisclosed material information should not be disclosed to selected individuals (for example, in an investor meeting or during a telephone conversation with an analyst). If previously undisclosed material information is inadvertently disclosed, this information should be broadly disclosed immediately by way of a

news release. If the information is inadvertently disclosed during the business hours of Investment Industry Regulatory Organization of Canada (“**IIROC**”), the Company should call IIROC to discuss a halt in trading until a news release is broadly disseminated.

The Company may, however, in the necessary course of business, disclose such information:

- to persons subject to duties of trust or confidence (such as lawyers, bankers and accountants);
- to persons with a business need to know and who agree to maintain the information in confidence;
- to credit rating agencies;
- in connection with registered or prospectus securities offerings; or
- as otherwise required or permitted by applicable legislation, rules and regulations or similar requirements of authorities with appropriate jurisdiction.

In some circumstances involving a material change, the Company may determine that disclosure would be unduly detrimental to the Mandalay Group, in which case the information may be kept confidential until the Company determines it is appropriate to make public disclosure. In these circumstances, the Company will cause a confidential material change report to be filed with the applicable securities regulators, and will periodically (at least every 10 days) review its decision to keep the information confidential.

**News Releases.** The IR will arrange for the issuance of all news releases to be disseminated in accordance with the Company’s policies and securities legislation, rules and regulations.

News releases should be posted on the Company’s website immediately after confirmation of dissemination over the newswire.

The Company may from time to time use statements to the press to convey information locally (at a mine site) that is non-material with the objective of managing an orderly and responsive communications process on site (i.e. during a crisis situation or to promote a local event). These press statements are reviewed by the Disclosure Committee and posted on the website in English and the local language.

**Information Meetings and Conference Calls.** Information meetings or conference calls may be held after the release of quarterly and annual results and in association with the release of other material information by the Company. These meetings and calls should be accessible simultaneously to all interested parties, some as participants and others in a listen-only mode by telephone and/or webcast over the Internet. At the beginning of the meeting or call, a Company spokesperson will provide appropriate cautionary language regarding any forward-looking information and direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties applicable to the information discussed.

To ensure the most open access that is practical in the circumstances, the Company generally should provide notice of the conference call and webcast by issuing a news release announcing the date, time and general substance and providing information on how interested parties may access the meeting or call and webcast, and how long, the public will be able to access transcripts or replays. These details also should be provided on the Company's website. In addition, the Company may send invitations to analysts, institutional investors, the media and others. Any non-material supplemental information provided to participants should also be posted to the Company's website.

The information proposed to be provided by the Company at these meetings and calls should be reviewed by the Disclosure Committee (and, if appropriate, the Board of Directors) in advance of the meeting or call and, where practical, statements and responses to anticipated questions should be discussed in advance. In addition, the IR will consider whether there is any concern that selective disclosure may have been made, and if it is determined that selective disclosure of previously undisclosed material information or misleading disclosure has occurred, the Company should immediately disclose or correct the information by issuing a broadly disseminated news release in accordance with the procedures set out herein.

A tape replay of the meeting or call should be made available for a minimum of seven days.

***Communications with Analysts, Investors and the Media.*** The Company recognizes that meetings and calls with analysts and investors are an important element of its investor relations program. However, the Company's disclosure should be consistent among all audiences, including the investment community, the media, customers and Mandalay Personnel.

The Company should meet with analysts and investors individually or in small groups as needed and should initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Policy. All analysts should receive fair treatment regardless of whether they are recommending buying or selling the Company's securities.

The Company should adhere to similar procedures for meetings and calls with analysts, investors and the media as set out above for information meetings and conference calls initiated by the Company. (See "**Information Meetings and Conference Calls**".) In particular:

- at the beginning of the meeting or call, a Company spokesperson will provide appropriate cautionary language;
- the information proposed to be provided by the Company at these meetings and calls should be reviewed the Disclosure Committee;
- any non-material supplemental information provided to participants should be posted to the website; and
- the Disclosure Committee will consider whether there is any concern that selective disclosure may have been made, and if it is determined that selective disclosure or misleading disclosure has occurred, the Company should immediately disclose or correct any information by issuing a broadly-disseminated news release.

Members of the media should not receive material information on an exclusive, embargoed or selective basis. They should receive material information at the same time as everyone else, when a broadly disseminated news release is issued. The Company will provide only non-material information through individual and group meetings, statements to the press, in addition to previously publicly disclosed information, recognizing that an analyst or investor may construct this information into a mosaic that could result in material information. The materiality of information generally cannot be altered by breaking down the information into smaller, non-material components.

When practical more than one Company representative should be present at all individual and group meetings. Company spokespersons should keep notes of telephone conversations with reporters and may follow up with reporters when there is an inaccuracy in an article, in order to set the record straight, and ensure that the same error does not recur in future articles.

***Use of the Website.*** To increase the accessibility of information, all material information disseminated by the Company should be posted on the Company's website (or, in the case of documents filed with regulators, links may be provided to sites on which those documents are available). However, disclosure on the Company's website alone does not constitute adequate disclosure of information that is considered material. Any disclosures of material information on the website should be preceded by the issuance of a broadly disseminated news release.

The IR will have primary responsibility for oversight of the review of the Company's website on a regular basis to recommend changes to ensure that it does not contain misrepresentations as a result of information that is, or is not, available on or through the site. The Company should maintain a copy of all material information that has been posted on the website for at least five years.

A review of the Company's website should be conducted under the supervision of the Disclosure Committee periodically to ensure that:

- the website is up to date and accurate;
- all material information available on the website is dated when posted or modified and there is a notice that advises the reader that the information was accurate at the time of posting, but may be superseded by subsequent disclosures;
- outdated information is appropriately archived; and
- supplemental information given to analysts, institutional investors and other market professionals is posted to the website as determined appropriate.

The Disclosure Committee should approve all links from the Company's website to third party websites. The Company's website will include a notice that advises readers that, when using those links, they are leaving the Company's website and that the Company is not responsible for the contents of the other site.

***Analysts' Reports.*** As a general guideline, the Company does not intend to provide comments on analysts' reports or models and Mandalay Personnel should refrain from so doing unless specifically authorized. The Disclosure Committee may authorize specific persons who may



review analysts' reports or models for factual accuracy based on publicly disclosed information. Any review of an analyst's report should be limited to reviewing factual information to point out inaccuracies with respect to, or omissions from, public information or to identify recently disclosed factual information that may reasonably be expected to affect the analysts' model. To avoid appearing to endorse an analyst's report or model, the Company should provide comments orally or attach a disclaimer to written comments to indicate the report was reviewed only for factual accuracy.

No Mandalay Personnel should:

- confirm the analyst's estimate or that any estimate is too high or too low, whether directly or indirectly through implied guidance;
- permit an analyst to quote any Mandalay Personnel or consent to or approve the attribution of information to the Company (except to the extent the quote or other information is contained in a news release issued by the Company or another document issued by the Company that is publicly available) unless he or she is specifically authorized by the Disclosure Committee to engage in such discussions with analysts;
- circulate analysts' reports relating to the Company to current or potential investors; or
- quote or cite an analyst's report or cause it to be "hyperlinked" to the Company's website.

Notwithstanding the foregoing, the Company may distribute analyst reports to the Board of Directors and the Disclosure Committee to monitor the communications regarding the Company. Analyst reports may also be provided to the Company's financial and professional advisors in the necessary course of business.

The Company may post on its website a complete listing, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on the Company. If provided, this list should not include links to the analysts' or any other third party's websites or publications.

***Forward Looking Information.*** Should the Company elect to disclose forward looking information in continuous disclosure documents or other public disclosure (whether written or oral and including speeches and conferences), the following guidelines should be observed:

- disclosure of forward looking information will be consistent with the policies set out herein for disclosure of all other information;
- the information will be published only if there is a reasonable basis for drawing the conclusions or making the forecast and projections set out therein;
- the disclosure containing the forward-looking information must have, proximate to that information:
  - reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information;

- a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- a statement that the information is stated as of the current date, is subject to change after that date and the Company does not undertake to update any forward-looking information; and
- the information may be accompanied by supplementary information such as a range of reasonably possible outcomes or a sensitivity analysis to indicate the extent to which different business conditions may affect the actual outcome.

Once disclosed, the Company's practice for updating forward looking information should be to regularly assess whether previous statements of forward looking information should be replaced by new financial outlooks, and ensure that past disclosure of forward looking information is accurately reflected in current Management's Discussion and Analysis.

***Communication on Behalf of the Company.*** The only individuals that should communicate on behalf of the Mandalay Group with market participants (investment dealers, analysts, bankers and advisers, institutional investment managers, investment companies or retail investors) or the media, in respect of the Mandalay Group's financial affairs or business condition or prospects, are the Chair, members of the Disclosure Committee or persons designated in writing by the Chief Executive Officer. No other persons should hold themselves out as being authorized to undertake such communications on behalf of the Mandalay Group. All information requests from market participants or investors, as well as inquiries with respect to market rumours, should be referred the IR, who will be responsible for co-ordinating a response.

The IR, with the assistance of other senior management, should be available to investors to hear, understand and address any questions or concerns that they may have. All material questions and concerns raised by investors should be reported to the Board of Directors on a periodic basis.

### **Quiet Periods**

To avoid the potential for selective disclosure or even the perception or appearance of selective disclosure, the Company will observe quiet periods prior to the announcement of quarterly or annual results or when material changes are pending.

During a quiet period, neither the Company nor any Mandalay Personnel should initiate any meetings or telephone contacts with analysts and investors, but the Company may respond to unsolicited inquiries concerning factual matters. If the Company is invited to participate in investment meetings or conferences organized by others, during a quiet period, the Disclosure Committee will determine, on a case-by-case basis, if it is advisable to accept these invitations. If accepted, extreme caution will be exercised to avoid any selective disclosure.

## **Rumours**

The Company does not intend to comment, affirmatively or negatively, on rumours, including those on the Internet. The Company should respond consistently to any rumours, saying, “It is our policy not to comment on market rumours or speculation.”

Should any regulatory body request that the Company make a definitive statement in response to a market rumour that is causing significant volatility in the Company’s securities, the Disclosure Committee will act in accordance with the Company’s policies and securities legislation, rules and regulations.

Mandalay Personnel who become aware of inaccurate information on the Internet, in a chat room, newsgroup or any other source, should report the information to the IR.

## **PROCEDURES AND GUIDELINES GOVERNING TRADING**

### **Trading For Speculative Purposes**

To limit the possibility of any suspicion of improper trading, Mandalay Personnel should trade in securities of the Company or Special Relationship Issuers (including the exercise of stock options and exchange-traded options or other derivative securities that are not issued by the Company or Special Relationship Issuer but are based on its securities, collectively “**Relevant Securities**”) only for investment, and not speculative, purposes.

### **Prohibited Activities**

No Mandalay Personnel (and no entity in respect of which he or she has or shares voting or investment control) should trade in:

- Relevant Securities while in possession of material, non-public information concerning the issuer;
- Company securities outside of the applicable “blackout period” or during any special “blackout periods” described below under “**Trading Windows and Blackout Periods**”, except as described under “**Exercise of Options**”; or
- any interest or position (other than options to acquire the Company’s securities) relating to the future price of Relevant Securities, such as a put, call or short sale.

### **Trading Windows and Blackout Periods**

**Reporting Insiders.** For the purposes of Canadian securities legislation, rules and regulations, the “**Reporting Insiders**” of the Company are:

- the CEO, CFO, COO, CDO, VPs of the Company, of a significant shareholder<sup>1</sup> of the Company or of a major subsidiary<sup>2</sup> of the Company;
- a director of the Company, of a significant shareholder of the Company, or of a major subsidiary of the Company;
- a person or Company responsible for a principal business unit, division or function of the Company;
- a significant shareholder of the Company;
- a significant shareholder based on post-conversion beneficial ownership of the Company's securities, and the Named Executive Officers and any director(s) of such significant shareholder;
- a management company that provides significant management or administrative services to the Company or a major subsidiary of the Company, and every director, CEO, CFO, Partner and significant shareholder of that management company.
- an individual performing functions similar to the functions performed by any of the Reporting Insiders described above;
- the Company itself, if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security; or
- any other insider<sup>3</sup> of the Company that: (a) in the ordinary course receives or has access to information as to material facts or material changes concerning the Company before such facts or changes are generally disclosed; and (b) directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the Company.

All Reporting Insiders must comply with the insider trading reporting requirements of Canadian securities laws in respect of any trades in the Company's securities. Any questions concerning those requirements, or the status of any particular Mandalay Personnel as a Reporting Insider should be addressed to the Corporate Secretary.

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<sup>1</sup> A person or company that has beneficial ownership of, or control or direction over, whether direct or indirect, more than 10% of the Company's outstanding common shares.

<sup>2</sup> A subsidiary whose assets or revenues, on a consolidated basis with its subsidiaries, as included in the most recent financial statements of the Company, represent 30% or more of the consolidated assets or revenues of the Company

<sup>3</sup> This includes (i) a director of the Company or one of its subsidiaries, (ii) the Chair, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Vice President, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer or General Manager of the Company or one of its subsidiaries and (iii) every individual who performs functions similar to those normally performed by an individual referred to above

## Blackout Periods

- All Reporting Insiders shall be subject to Blackout Periods as approved by the CEO and communicated by the Corporate Secretary. A Blackout Period is a temporary interval during which Insider Trading is strictly prohibited. No Reporting Insider may request a clearance to trade during a Blackout Period.
- A Blackout Period will start when the Corporate Secretary communicates to all the Reporting Insiders by email that such period has started. As a rule, the Blackout Period will be in effect at the times prescribed below:

Disclosure Event	Start of Blackout Period	End of Blackout Period
Quarterly Production Results	1 <sup>st</sup> day after end of quarter	1 full trading day after disclosure of press release
Quarterly Financial Results	10 business days prior to the release of the quarterly financials	
Annual Financial Results	15 business days prior to the release of the annual financials	
Any material event that requires a public market disclosure. Examples may include such as significant exploration results, definitive agreements, material deals, capital market transactions, binding mergers and acquisitions, disposals, etc.	At least 10 business days prior to the target release date	

## Clearance To Trade

- In addition to obligations of Reporting Insiders contained in this Policy with respect to those in a Special Relationship with them and/or the Company, Reporting Insiders must not trade in any securities of the Company without first applying for and receiving written clearance by email by two members of the Disclosure Committee of which one must be either the CEO or the CFO. Consideration and a written response will be given to applications as soon as possible, and in any event, no later than 24 hours following receipt by the CEO/CFO of the request for clearance to Trade.
- The email should contain at a minimum the following information:
  1. Number of shares held by the individual
  2. Number of shares being sold as part of the proposed transaction
  3. Reasons for sale of shares (to be kept confidential with the CEO and Chair)

- As a summary:
  1. All Reporting Insiders trades should be approved by the CEO.
  2. CEO trades should be approved by the Chair of the Board and the Chair of the Audit Committee.
  3. All Board of Director (except the Chair) trades should be approved by both the Chair of the Board and Chair of the Audit Committee or the CEO
  4. Chair of the Board trades shall be approved by both the Chair of the Audit Committee and CEO
- In recognition of the fact that circumstances may change, clearance to Trade will have a maximum validity of five (5) Trading Days (or until the beginning of the next Blackout Period).

***No Trading While in the Possession of Material, Non-Public Information.*** No Mandalay Personnel in possession of material, non-public information concerning the Mandalay Group should trade in Company securities at any given time. Persons possessing such information may trade only after the close of one full trading day following the Company's widespread public release of the information.

***No Trading During Special Blackout Periods.*** In addition to the periods during which the trading window regularly is closed, as described under "Blackout Periods", there may be circumstances in which information is in the possession of the Company that would make it appropriate for a special blackout period to apply to certain or all Mandalay Personnel. Notwithstanding any other provisions of this Policy, no Mandalay Personnel should trade in Company securities outside of the applicable trading windows or, if subject to any special blackout, during any special blackout periods that the Disclosure Committee may designate, and which will be communicated promptly on designation. No Mandalay Personnel should disclose to any persons that are not Mandalay Personnel that a special blackout period has been designated.

### **Exercise of Options**

The provisions of this Policy will not apply to preclude the exercise of an option to acquire Company securities outside of the applicable "Blackout Period" or during any special blackout periods, provided the exercise has been approved by two members of the Board of Directors (neither of whom then is proposing to exercise options). Company securities acquired on the exercise of options will be subject to all of the provisions of this Policy and cannot be sold in connection with the exercise of an option pursuant to this paragraph or otherwise except in compliance with the provisions of this Policy, including those described under "**Prohibited Activities**".

### **Statutory or Regulatory Trading Restrictions**

The provisions of this Policy will be supplemented by any greater prohibitions or restrictions prescribed by any applicable legislation, rules, regulations or other instruments (for example, contractual restrictions on the sale of securities and restrictions on short-swing trading by Non-Exempt Insiders). Any Mandalay Personnel who is uncertain whether other prohibitions or restrictions apply should consult with the Corporate Secretary.

## **POTENTIAL SANCTIONS**

### **Company Discipline**

Violation of this Policy or applicable legislation, rules, regulations or stock exchange requirements by any Mandalay Personnel may subject that person to disciplinary action by the Company, which could include termination for cause.

### **Reporting of Violations**

Any Mandalay Personnel who violate this Policy or any applicable legislation, rules, regulations or stock exchange requirements, or knows of any such violation by any other Mandalay Personnel, should report the violation immediately to the CS or the Chair of the Audit Committee.

## **ADMINISTRATION OF THE POLICY**

### **Responsible Officers**

The Disclosure Committee has been designated as responsible to oversee the procedures and guidelines relating to timely and fair disclosure by the Company. In this context, the CS will administer, monitor and enforce compliance with applicable legislation, rules and regulations, as they relate to disclosure of information by the Company and recommend revisions to this Policy as necessary to reflect changes in applicable legislation, rules and regulations.

The Corporate Secretary has been asked to:

- administer and interpret this Policy and monitor compliance with its provisions;
- respond (or co-ordinate responses to) all inquiries relating to this Policy;
- ensure that copies of this Policy and other appropriate materials are available to all current and new Mandalay Personnel, and such other persons whom he/ she determines may have access to material, non-public information concerning the Mandalay Group;
- administer, monitor and enforce compliance with applicable legislation, rules and regulations of the applicable regulatory authorities as they relate to the use of confidential information and trading in securities of the Company and securities of Special Relationship Issuers;
- recommend revisions to this Policy as necessary to reflect changes in applicable legislation, rules and regulations; and
- maintain a list of Reporting Insiders of the Company and update those lists periodically as necessary to reflect any additions or deletions.

**Consult a member of the Disclosure Committee for Guidance**

Any Mandalay Personnel who are unsure about the application or interpretation of this Policy to a specific situation (including whether the information that they possess is material or non-public) should consult any member of the Disclosure Committee.



## **Schedule “A”**

### **Changes in corporate structure**

- changes in share ownership that may affect control of the Company
- changes in corporate structure such as major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

### **Changes in capital structure**

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of common shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in the Company’s dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to the rights of security holders

### **Changes in financial results**

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any period
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write downs
- changes in the value or composition of the Company’s assets
- any material change in the Company’s accounting policies

### **Changes in business and operations**

- development that affects the Company’s resources, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major contractors or suppliers

- significant new contracts, products, patents, or services or significant losses of contracts or business.
- significant discoveries by resource companies
- changes to the Board of Directors or executive management, including the departure of the Company's CEO or CFO (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of the Company's securities or their movement from one quotation system or exchange to another

#### **Acquisitions and dispositions**

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies, including a take-over bid for, or merger with, another company

#### **Changes in credit arrangements**

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of the Company's assets
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements