

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Elgin Mining Inc. (the “**Company**”)
#1204 – 700 West Pender Street
Vancouver, British Columbia
V6C 1G8

Item 2 Date of Material Change

September 10, 2014

Item 3 News Release

On September 10, 2014, the Company issued a news release through the newswire services of CNW, a PR Newswire Company. A copy of the news release is attached as Schedule “A” hereto and is available on SEDAR at www.sedar.com.

Item 4 Summary of Material Change

On September 10, 2014, the Company and Mandalay Resources Corporation (“**Mandalay**”) announced the completion of the acquisition by Mandalay of all of the issued and outstanding common shares of the Company in accordance with the terms of an amended and restated arrangement agreement dated July 25, 2014 between Mandalay and the Company, pursuant to which Mandalay acquired each outstanding common share of the Company in exchange for CDN\$0.37 or 0.4111 of a common share of Mandalay, subject to pro ration.

Item 5 Full Description of Material Change

A full description of the material change is provided in the news release attached as Schedule “A”.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

The material change report is not being filed on a confidential basis.

Item 7 Omitted Information

No information has been omitted.

Item 8 Executive Officer

The following senior officer of the Company is knowledgeable about the material change described in this report:

Belinda Labatte
Corporate Secretary

Mandalay Resources Corporation
(647) 436-2152

Item 9

Date of Report

September 19, 2014

SCHEDULE A



Mandalay Resources Completes Acquisition of Elgin Mining

TORONTO, ON, September 10, 2014 – Mandalay Resources Corporation (“**Mandalay**”) (TSX: MND) and Elgin Mining Inc. (“**Elgin**”) (TSX: ELG) are pleased to announce the completion of the acquisition of Elgin by Mandalay by way of a court-approved plan of arrangement (the “**Arrangement**”).

Mr. Brad Mills, Chief Executive Officer of Mandalay, commented, “I am pleased to announce that we have successfully closed the Elgin transaction as planned, adding Elgin’s Björkdal gold mine in Sweden as Mandalay’s third producing mine in a top mining jurisdiction. We welcome all of the Elgin and Björkdal staff who are joining Mandalay and have worked hard to complete this transaction. We currently expect that the Björkdal mine will produce 8,000 to 10,000 ounces of gold during the fourth quarter of the year, which increases our overall 2014 Mandalay production guidance to a range of 138,000 to 148,000 ounces of gold equivalent.”

Mr. Mills continued, “Our plans for the Björkdal mine will immediately focus on refining the life of mine resource and reserve model for the open pit and underground mines, improving the grade of production of both mines based upon this more granular model, evaluating and adopting new milling approaches in the plant to improve gold recovery and expand plant capacity. We will also evaluate all of the exploration potential on the property and commence an exploration program to expand reserves. We anticipate that we will start to see results from these efforts within the next three to six months. The first milestone will be the release of a new independent Technical Reserve and Resource Report which Mandalay has commissioned on the property.”

Mr. Mills concluded, “In connection with our acquisition of Elgin, Mandalay has reviewed its property portfolio and decided to sell two assets which are now deemed non-core to our future plans. These assets are the Lupin gold mine, in Nunavut, Canada, and the La Quebrada copper-silver project in Chile.”

The Plan of Arrangement

Pursuant to the Arrangement, Mandalay acquired each outstanding Elgin common share (each, an “**Elgin Share**”) in exchange for CDN\$0.37 in cash (the “**Cash Consideration**”) or 0.4111 of a Mandalay common share (each, a “**Mandalay Share**”)(the “**Share Consideration**”), subject to pro-ration if the aggregate Cash Consideration would exceed CDN\$27 million or the aggregate Share Consideration would exceed 50 million Mandalay Shares.

Based on valid elections received prior to the election deadline and deemed elections, shareholders of Elgin (the “**Elgin Shareholders**”) elected to receive:

- the Share Consideration in respect of 188,980,537 Elgin Shares (which, at 0.4111 of a Mandalay Share per Elgin Share, would result in aggregate Share Consideration of approximately 77.7 million Mandalay Shares); and
- the Cash Consideration in respect of 4,461,519 Elgin Shares (which, at CDN\$0.37 per Elgin Share, would result in aggregate Cash Consideration of approximately CDN\$1.7 million).

Since the aggregate Share Consideration would otherwise exceed 50 million Mandalay Shares, all elections (including deemed elections) have been pro-rated in the manner described in the management information circular dated July 25, 2014 prepared by Elgin in connection with the Arrangement. This has resulted in the

number of Mandalay Shares that each Elgin Shareholder exchanged for the Share Consideration being reduced by applying an approximate 64.358% pro-ration factor.

For illustrative purposes only, and using the example of an individual holding 1,000 Elgin Shares:

- if such Elgin Shareholder elected to receive Cash Consideration in respect of all of their Elgin Shares held, the Elgin Shareholder would be entitled to receive CDN\$370 (being CDN\$0.37 for each Elgin Share); or
- if such Elgin Shareholder elected (or was deemed to have elected) to receive Share Consideration in respect of all of their Elgin Shares, the Elgin Shareholder would be entitled to receive approximately 264 Mandalay Shares in consideration for a portion of their Elgin Shares and CDN\$131.88 cash in consideration for the remaining portion of the Elgin Shares.

Any questions or requests for assistance in surrendering certificates that formerly represented Elgin Shares in order to receive the Arrangement consideration may be directed to the depository, Computershare Investor Services Inc., by telephone at 1-800-564-6253 toll-free in North America, 1-514-982-7555 outside of North America or by e-mail at corporateactions@computershare.com.

De-listing of the Elgin Shares from the Toronto Stock Exchange (“TSX”) is expected to occur shortly. Concurrent with the delisting of the Elgin Shares, Elgin will apply to all applicable Canadian securities regulatory authorities in order to cease to be a reporting issuer.

For further information

Bradford Mills
Chief Executive Officer

Greg DiTomaso
Investor Relations

Contact:
647.260.1566

About Mandalay Resources Corporation

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia and producing and development projects in Chile. Mandalay is focused on executing a roll-up strategy, creating critical mass by aggregating advanced or in-production gold, copper, silver and antimony projects in Australia and the Americas to generate near-term cash flow and shareholder value.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of securities legislation and which are based on the expectations, estimates and projections of management of Mandalay as of the date of this news release unless otherwise stated, including statements regarding Mandalay’s estimates of future production, its plans for the Björkdal mine and its planned sale of the Lupin and La Quebrada properties. Readers are cautioned not to place undue reliance on forward-looking statements. Actual

results and developments may differ materially from those contemplated by these statements depending on, among other things, changes in commodity prices and general market and economic conditions. The factors identified above are not intended to represent a complete list of the factors that could affect Mandalay. A description of additional risks that could result in actual results and developments differing from those contemplated by forward-looking statements in this news release can be found under the heading "Risk Factors" in Mandalay's annual information form dated March 28, 2014, a copy of which is available under Mandalay's profile at www.sedar.com. Although Mandalay has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.