



**MKANGO RESOURCES LTD.**  
**550 Burrard Street**  
**Suite 2900**  
**Vancouver, BC, V6C 0A3**

**MANAGEMENT PROXY CIRCULAR**

**as at August 27, 2020, (except as otherwise indicated)**

This Information Circular is furnished by the management of Mkango Resources Ltd. (the “**Corporation**”) to the holders (the “**Shareholders**”) of common shares (“**Common Shares**”) of the Corporation in connection with the solicitation of proxies to be voted at the annual general and special meeting of the Shareholders (the “**Meeting**”) to be held at the offices of Fasken Martineau DuMoulin LLP at 2400-333 Bay St, Toronto, Ontario, Canada at the hour of 9:00 a.m. (Toronto time) on October 8, 2020 and at any adjournment thereof, for the purposes set forth in the notice of meeting enclosed with this Information Circular (the “**Notice of Meeting**”).

**GENERAL PROXY INFORMATION**

Solicitation of Proxies

Management of the Corporation is soliciting proxies from Shareholders for the Meeting. The costs incurred in the preparation and mailing of the enclosed form of proxy (the “**Proxy Form**”), Notice of Meeting and this Circular will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefore.

The persons named in the Proxy Form are directors and/or senior officers of the Corporation (the “**Management Designees**”). **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the Management Designees in the Proxy Form to represent the Shareholder at the Meeting and may exercise that right either by inserting the name of the other person in the blank space provided in the Proxy Form or by completing another form of proxy.**

The Corporation will not send its proxy-related meeting materials directly to non-objecting beneficial owners under National Instrument 54-101 - *Communication With Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”). The Corporation intends to pay for proximate intermediaries to forward the proxy-related materials and voting instruction form to objecting beneficial owners under NI 54-101.

Proxy Voting

A proxy will not be valid unless it is deposited with our transfer agent Computershare Investor Services Inc. (“**Computershare**”), (i) by mail using the enclosed return envelope or (ii) by hand delivery to Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Alternatively, you may vote by telephone 1-866-732-8683 (toll free within North America) or 1-312-588-4290 (outside North America), by facsimile to 1-866-249-7775 or 1-416-263-9524 (outside North America), or by internet using the 15 digit control number located at the bottom of your proxy at [www.investorvote.com](http://www.investorvote.com). All instructions are listed in the enclosed Proxy Form. Your proxy or voting instructions must be received in each case no later than 9:00 a.m. (Toronto Time) on October 6, 2020 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before the beginning of any adjournment of the Meeting.

The website may be used to appoint a proxyholder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxyholder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

### REVOCABILITY OF PROXIES

In addition to revocation in any manner permitted by law, you may revoke your Proxy by an instrument in writing signed by you as Registered Shareholder or by your attorney duly authorized in writing. If you are a representative of a Registered Shareholder that is a corporation or association, the instrument in writing must be executed by an officer or by an attorney duly authorized in writing. The revocation must be deposited with the Corporation's registered office, c/o Fasken Martineau DuMoulin LLP, Suite 2900, 550 Burrard Street, Vancouver, British Columbia, V6C 0A3 at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or, as to any matter in respect of which a vote shall not already have been cast pursuant to such Proxy, with the Chairman of the Meeting on the day of the Meeting, or at any adjournment thereof, and upon either of such deposits the Proxy is revoked. In addition, shareholders can also change their vote by phone or via the internet pursuant to the instructions provided to the Registered Shareholder.

Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders that wish to change their voting instructions must, in sufficient time in advance of the Meeting, contact Computershare or their intermediary to arrange to change their voting instructions.

### EXERCISE OF DISCRETION BY PROXIES

The persons named in the Proxy Form will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy Form confers discretionary authority on persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy Form, the persons named in the Proxy Form will vote the Common Shares represented by the Proxy Form for the approval of such matter.**

At the time of printing of this Information Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Proxy Form to vote the Common Shares represented thereby in accordance with their best judgment on such matters.

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders who choose to submit a proxy may do so by completing, dating and signing the enclosed Proxy Form and returning it to the Corporation's transfer agent, (i) by mail using the enclosed return envelope or (ii) by hand delivery to Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Alternatively, the Shareholders may vote by telephone 1-866-732-8683 (toll free within North America) or 1-312-588-4290 (outside North America), by facsimile to 1-866-249-7775 or 1-416-263-9524 (outside North America), or by internet using the 15 digit control number located at the bottom of the proxy at [www.investorvote.com](http://www.investorvote.com).

**The Proxy Form, voting instructions or internet appointment of a proxyholder must be received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment thereof at which the Proxy Form is to be used. Failure to complete or deposit a Proxy Form properly may result in its**

**invalidation. The time limit for the deposit of Proxy Forms may be waived by the board of directors of the Corporation (the “Board”) at its discretion without notice.**

### **ADVICE TO BENEFICIAL HOLDERS OF SECURITIES**

**The information set forth in this section is of significant importance to many Shareholders of the Corporation as some Shareholders do not hold their Common Shares in their own names (“Beneficial Shareholders”).** Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Beneficial Shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Beneficial Shareholder’s broker or an agent of that broker. In Canada, the majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. The Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized at the Meeting for the purposes of voting the Common Shares in person or by way of proxy except as set forth below. Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate persons.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of meetings of Shareholders. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker often is identical to the Proxy Form provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Alternatively, Beneficial Shareholders sometimes are provided with a toll-free telephone number to vote their shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a meeting of shareholders. A Beneficial Shareholder receiving a voting instruction or proxy from Broadridge or another agent cannot use that proxy to vote Common Shares directly at the Meeting as the completed instruction or proxy must be returned as directed by Broadridge or another agent well in advance of the Meeting in order to have the Common Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of the Beneficial Shareholder’s broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank spaces on the form of proxy provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker (or agent) well in advance of the Meeting.

**If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please contact your broker or agent well in advance of the Meeting to determine how you can do so.**

### **VOTING DIRECTIONS FOR DEPOSITARY INTERESTS IN CREST**

The following instructions are for non-registered beneficial holders who hold their Common Shares through the depository (the “**Depository Interests**”), Computershare Investor Services PLC (the “**Depository**”), as at the Record Date (as defined below). Holders of Depository Interests can direct the Depository how to vote their shares or abstain from voting by completing, signing and returning the enclosed form of instruction (the “**Form of**

**Instruction**”). To be valid, the Form of Instruction must be filled out, correctly signed (exactly as the Shareholder’s name appears on the Form of Instruction), and returned by mail using the enclosed envelope, or by courier or hand delivery to The Office of the Depositary, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, UK BS99 6ZY by 09:00 a.m. (BST) on October 6, 2020 (or 72 hours prior to any reconvened Meeting in the event of an adjournment of the Meeting). The Depositary will then vote or abstain from voting on the Shareholder’s behalf at the Meeting, as instructed in the Form of Instruction.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value and an unlimited number of preferred shares. The preferred shares are issuable in one or more series. Only holders of the Common Shares are entitled to vote such Common Shares at the Meeting, on the basis of one vote for each Common Share. As of August 24, 2020, 133,000,721 Common Shares were issued and outstanding. The Board has fixed August 24, 2020 as the record date (the “**Record Date**”) for the determination of Shareholders entitled to receive notice of and to vote at the Meeting and at any adjournment thereof, except to the extent that such holder transfers ownership of the Common Shares after the Record Date, in which case the transferee shall be entitled to vote such Common Shares upon establishing ownership and requesting not later than ten days before the Meeting, to be included in the list of Shareholders entitled to vote at the Meeting.

To the knowledge of the directors or executive officers of the Corporation, no person beneficially owns, directly or indirectly, controls or directs, directly or indirectly, voting shares carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation, as at the date hereof, except as follows:

Name	Type of Ownership	Approximate Number of Common Shares Owned, Controlled or Directed	Approximate Percentage of Common Shares Owned
Talaxis Limited	Registered holder	14,285,715	10.7%
Resources Early Stage Opportunity Company Ltd.	Registered holder	13,483,081	10.1%

### VOTES NECESSARY TO PASS RESOLUTIONS AT THE MEETING

A simple majority of affirmative votes cast at the Meeting by the Shareholders is required to pass the resolutions electing the directors, reappointing the incumbent auditors, approving the Corporation’s stock option plan (the “**Option Plan**”) as required by the policies of the TSX Venture Exchange (“**TSXV**”). If there are more nominees for election as directors or appointment of the Corporation’s auditors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

### QUORUM

Under the Corporation’s Articles, a quorum for the transaction of business at any meeting of shareholders shall be at least two persons present in person or represented by proxy, holding or representing not less than 5% of the Common Shares entitled to be voted at the Meeting. Under the Corporation’s Articles and the *Business Corporations Act* (British Columbia) (“**BCBCA**”), if a quorum is present at the opening of the Meeting, the Shareholders present may proceed with the business of the Meeting notwithstanding that a quorum is not present

throughout the Meeting. If a quorum is not present at the opening of the Meeting, the Shareholders present may adjourn the Meeting to a fixed time and place but may not transact any other business.

### **PARTICULARS OF THE MATTERS TO BE ACTED ON AT THE MEETING**

At the Meeting, the Shareholders will (i) receive the audited financial statements of the Corporation for the year ended December 31, 2019, including the auditors' reports thereon (the "**Financial Statements**"); and (ii) will be asked to consider and, if deemed appropriate:

1. to fix the number of directors of the Corporation to be elected at the Meeting at six;
2. to elect the directors of the Corporation who will serve until the end of the next annual general meeting or until their successors are appointed;
3. to appoint the auditors of the Corporation and to authorize the directors to fix their remuneration;
4. to pass an ordinary resolution, the full text of which is set forth herein, to re-approve the Option Plan; and
5. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

### **FINANCIAL STATEMENTS**

The Financial Statements for the fiscal year ended December 31, 2019 are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **ELECTION OF DIRECTORS**

It is the intention of the persons designated in the enclosed Proxy Form, unless otherwise instructed, to vote to elect Derek Linfield, William Dawes, Alexander Lemon, Adrian Reynolds, Shaun Treacy and Susan Muir to hold office subject to the articles and Articles of the Corporation, as directors of the Corporation.

The foregoing persons are the nominees of management of the Corporation for election as directors of the Corporation. The directors of the Corporation are elected to hold office until the next annual general meeting of the Corporation or until their successors are appointed, unless a director ceases to hold office pursuant to the BCBCA or the office is vacated pursuant to the Articles of the Corporation.

In the absence of instructions to the contrary, the enclosed Proxy Form will be voted for the nominees herein listed. **Management does not contemplate that any of such nominees will be unable to serve as a director; however, if for any reason any of the proposed nominees does not stand for election or are unable to serve as such, proxies in favour of Management Designees will be voted for another nominee in their discretion unless the Shareholder has specified in the Shareholder's proxy that the Shareholder's Common Shares are to be withheld from voting in the election of directors of the Corporation.**

The following table sets out the name of each of the persons proposed to be nominated for election as a director and the name of each of the persons whose term of office, if elected, shall continue after the Meeting; all positions and offices in the Corporation presently held by them; their principal occupations at present and during the preceding five years; the periods during which they have served as directors; and the number of Common Shares, stock options and common share purchase warrants that they have advised the Corporation are beneficially owned by them, directly or indirectly, or over which control or direction is exercised, as of the date hereof:

Name, Municipality of Residence, Office and Date became a Director	Present and Principal Occupation During the Last Five Years	Common Shares Beneficially Owned Directly or Indirectly or Controlled or Directed	Stock Options or Common Share Purchase Warrants Beneficially Owned Directly or Indirectly or Controlled or Directed
<p><b>Derek Linfield</b><sup>(1)</sup> Chairman and Director London, United Kingdom January 31, 2014</p>	<p>Mr. Linfield is the Chairman of Cornish Lithium Limited and is the director of a number of other private companies, as well as being a consultant to the law firm Fasken Martineau DuMoulin LLP (since 2016). He was previously the managing partner of Stikeman Elliott (London) LLP, which is the UK office of the Canadian law firm Stikeman Elliott LLP, where he worked from 2003 until 2015.</p>	<p>5,139,561 Common Shares</p>	<p>2,160,000 Stock Options</p>
<p><b>William Dawes</b> Chief Executive Officer and Director London, United Kingdom December 20, 2010</p>	<p>Mr. Dawes is the Chief Executive Officer of the Corporation. He has been an executive director of Leo Mining &amp; Exploration Limited (“<b>LeoMinex</b>”) and of Lancaster Exploration Limited (“<b>Lancaster</b>”) since September 2007, Lancaster Exploration Malawi since May 19, 2011, Maginito Limited since January 17, 2018, MKA Exploration Ltd since July 25, 2018, MKA Exploration Malawi Ltd since May 6, 2019 and Hypromag Ltd since January 9, 2020.</p>	<p>8,721,443 Common Shares<sup>(2)(3)</sup></p>	<p>2,960,000 Stock Options</p>
<p><b>Alexander Lemon</b> President and Director London, United Kingdom December 20, 2010</p>	<p>Mr. Lemon is the President of the Corporation. He has been an executive director of LeoMinex and of Lancaster since September 2007, Lancaster Exploration Malawi since May 19, 2011, Maginito Limited since January 17, 2018, MKA Exploration Ltd since July 25, 2018 and MKA Exploration Malawi Ltd since May 6, 2019.</p>	<p>8,550,205 Common Shares<sup>(2)</sup></p>	<p>2,960,000 Stock Options</p>
<p><b>Adrian Reynolds</b><sup>(1)(4)</sup> Director Cape Town, South Africa June 29, 2011</p>	<p>Mr Reynolds is currently an independent consultant. He served as General Manager at Randgold Resources Limited, from 1997 to 2009 and Chairman of Digby Wells Environmental from 2012 to 2017. He has been a director of GT Gold Corporation since October 2019. From April 2011 to June 2016, he was a non-executive director of Aureus Mining Inc., from April 2014 to August 2019 he was a non-executive director of Geodrill Ltd. and from April 2019 to September 2019, a non-executive director of Acacia Mining Ltd.</p>	<p>64,305 Common Shares</p>	<p>1,240,000 Stock Options</p>

Name, Municipality of Residence, Office and Date became a Director	Present and Principal Occupation During the Last Five Years	Common Shares Beneficially Owned Directly or Indirectly or Controlled or Directed	Stock Options or Common Share Purchase Warrants Beneficially Owned Directly or Indirectly or Controlled or Directed
<p><i>Susan Muir</i><sup>(1)(4)</sup> Director Toronto, Canada August 28, 2018</p>	<p>Ms. Muir was Vice President, Investor Relations &amp; Corporate Communications with Arizona Mining Inc. from August 2016 to August 2018; prior thereto, Ms. Muir was Vice President, Investor Relations &amp; Corporate Communications with Titan Mining Corporation from June 2017 to January 2018; prior thereto, Ms. Muir was Vice President, Investor Relations &amp; Corporate Communications with NewCastle Gold Ltd. from August 2016 to December 2017; prior thereto, Ms. Muir was Senior Director and subsequently Vice President, Investor Communications with Barrick Gold Corporation from February 2007 to June 2016.</p>	12,000	945,000 Stock Options
<p><i>Shaun Treacy</i><sup>(2)(4)</sup> Director Sydney, Australia October 2, 2018</p>	<p>Mr. Treacy has over 30 years' experience in investment banking and corporate finance, having senior leadership positions with JPMorgan, Lehman Brothers, Nomura and UBS. He has worked in the United States, United Kingdom, Hong Kong and Australia. He is a non-executive director of, and consultant to, Warpforge Ltd. and Carbon Dynamics Pty Ltd., two Australian private companies. From 2014 until 2019, he was an executive director of the private equity firm, Arete Capital Partners ("Arete") based in Melbourne, Australia. Mr. Treacy is also a director of Leominex and a director of, and consultant to, Zenith Advisory Services Pty Ltd.</p>	714,285	945,000 Stock Options 1,200,000 Warrants <sup>(5)</sup>

**Notes:**

- (1) Member of the Remuneration Committee.
- (2) 8,546,205 of these Common Shares are held through Leominex, a company in which William Dawes and Alexander Lemon each own 17.3% of the issued and outstanding shares. Mr. Treacy owns 0.4% of the shares of Leominex.
- (3) 175,238 of these Common Shares are held through The JP Morgan 1998 Employee Trust, of which William Dawes is a beneficiary.
- (4) Member of the Audit Committee, with Adrian Reynolds having been a member until May 1, 2019 and then reappointed on June 3, 2020.
- (5) These warrants are held through Zenith Advisory Services Pty Ltd., a company of which Mr. Treacy is a director and controlling shareholder.

**Corporate Cease Trade Orders or Bankruptcies**

No director or proposed director of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any company that, while such person was acting in that capacity:

- (a) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the Corporation access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days; or

- (b) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the Corporation access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days, that was issued after that individual ceased to be a director or chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in a capacity as a director, chief executive officer or chief financial officer.

No other director or proposed director of the Corporation is, or has been within the past ten years, a director or executive officer of any company that, while such person was acting in that capacity or within a year of that individual ceasing 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.

#### Penalties and Sanctions

No proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court, or regulatory body that would likely be considered important to a reasonable security holder in deciding to vote for a proposed director.

#### Individual Bankruptcies

No director or proposed director of the Corporation is or has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **APPOINTMENT OF AUDITORS**

At the Meeting, Shareholders will be asked to vote in favour of the re-appointment of MNP LLP (previously known as Meyers Norris Penny LLP), Suite 1500, 640 - 5th Avenue S.W., Calgary, Alberta T2P 3G4, as auditors of the Corporation, to hold office until the next annual general meeting of Shareholders, or until its successors are elected or appointed, and to authorize the directors to fix their remuneration as such. MNP LLP has been the auditor of the Corporation since February 18, 2008.

The foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy. **Unless otherwise directed, the Management Designees named in the accompanying Proxy Form intend to vote in favour of the appointment of MNP LLP, Chartered Accountants, as auditor of the Corporation, to hold office until the next annual general meeting of the Shareholders, at a remuneration to be determined by the directors of the Corporation.**

### **APPROVAL OF OPTION PLAN**

The Shareholders will be asked to consider and, if deemed advisable, to re-approve the stock option plan of the Corporation (the “**Option Plan**”) attached as Appendix A to this Information Circular. Approval of the Option Plan is being sought in accordance with the policies of the TSXV, whereby issuers whose stock option plans are plans which reserve shares for issuance upon the exercise of options based upon a percentage of the issuer’s issued and outstanding shares rather than a fixed number (“**Rolling Plans**”), must have such plans approved by the Shareholders at each annual meeting of Shareholders. The Shareholders will therefore be asked at the Meeting to vote on a resolution approving the Option Plan.

The Option Plan, approved by the Board on September 27, 2010, is a Rolling Plan. The Option Plan is identical to the stock option plan that was approved by the Shareholders at the meeting held on December 30, 2019.

The Option Plan is intended to provide the Board with the ability to issue options to provide the employees, officers, directors and consultants of the Corporation with long-term equity-based performance incentives, which are a key component of the Corporation’s compensation strategy. The Corporation believes it is important to align the

interests of management, employees and consultants with shareholder interests and to link performance compensation to enhancement of shareholder value. This is accomplished through the use of stock options whose value over time is dependent on market value.

The aggregate number of Common Shares issuable upon the exercise of all options granted under the Option Plan cannot exceed 10% of the issued and outstanding Common Shares. As at the date hereof, options to acquire 13,025,000 Common Shares have been issued and outstanding, representing approximately 9.8% of the issued and outstanding Common Shares. Due to the exercise or expiry of options (after the date of this Circular but before the date of the Meeting) granted to Sandra Evans and Sandra du Toit following their resignations earlier in 2020, and assuming that no additional options are issued prior to the date of the Meeting, as at the date of the Meeting options to acquire 12,155,000 Common Shares will be issued and outstanding, representing approximately 9.1% of the issued and outstanding Common Shares as of the date hereof. The Shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution approving the Option Plan:

**“BE IT RESOLVED THAT:**

1. the stock option plan of the Corporation, substantially in the form attached as Appendix A to the management information circular of the Corporation dated August 27, 2020, be and is hereby re-approved and adopted as the stock option plan of the Corporation;
2. the form of the stock option plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the Shareholders of the Corporation;
3. the number of common shares of the Corporation issuable under the stock option plan be set at a maximum of 10% of the aggregate number of Common Shares issued and outstanding from time to time subject to any limitations imposed by applicable laws, rules, regulation and policies;
4. the continuation of the 12,155,000 options outstanding on the date of the Meeting under the stock option plan of the Corporation (and such other options as may be issued prior to the date of the Meeting in accordance with the terms of the stock option plan), without amendment to their terms except as required to comply with the stock option plan be authorized and approved; and
5. any one director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing.”

The foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy. **The Management Designees, unless instructed otherwise, intend to vote to re-approve the Option Plan in substantially the form as attached as Appendix “A” to this Information Circular.**

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

This compensation discussion and analysis describes and explains the Corporation’s policies and practices with respect to compensation.

#### ***Director and named executive officer compensation excluding compensation securities***

The following table sets forth all direct and indirect compensation for, or in connection with, services provided to the Corporation and its subsidiaries for the two most recently completed financial year ends of December 31, 2019 and December 31, 2018 in respect of the Corporation’s named executive officers (“**Named Executive Officers**” or “**NEOs**”) and Directors. A Named Executive Officer is defined under Form 51-102F6V - *Statement of Executive Compensation* (“**Form 51-102F6V**”) to include the following individuals:

- (a) each chief executive officer (“**CEO**” or “**Chief Executive Officer**”) of the Corporation or an individual who acted in a similar capacity during the most recently completed financial year;

- (b) each chief financial officer (“CFO” or “Chief Financial Officer”) of the Corporation or an individual who acted in a similar capacity during the most recently completed financial year;
- (c) the Corporation’s most highly compensated executive officer or most highly compensated individual acting in a similar capacity, other than the CEO and CFO, as at the end of the most recently completed financial year, and whose total compensation was, individually, more than CAD\$150,000 per year; and;
- (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Corporation at the end of the most recently completed financial year.

The Corporation’s Named Executive Officers for the year ended December 31, 2019 are William Dawes, Alexander Lemon and Sandra Evans. William Dawes was appointed as CEO of the Corporation effective December 20, 2010 and prior thereto, served as a director of the Corporation’s subsidiary, Lancaster. Alexander Lemon was appointed as President of the Corporation effective December 20, 2010 and prior thereto, served as a director of the Corporation’s subsidiary, Lancaster. Sandra Evans was appointed as CFO on June 29, 2011 and resigned on January 7, 2020. No other individuals were considered Named Executive Officers, as such term is defined in Form 51-102F6V, during the year ended December 31, 2019.

<b>Table of compensation excluding compensation securities</b>				
<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (US\$)</b>	<b>Value of all other compensation (US\$)</b>	<b>Total compensation<sup>(1)</sup> (US\$)</b>
William Dawes, CEO and Director <sup>(2)</sup>	2019	191,606	Nil	191,606
	2018	199,691	Nil	199,691
Alexander Lemon, President and Director <sup>(2)</sup>	2019	191,606	Nil	191,606
	2018	199,691	Nil	199,691
Sandra Evans, CFO <sup>(3)(5)</sup>	2019	61,877	Nil	61,877
	2018	53,044	Nil	53,044
Derek Linfield, Director	2019	40,000	Nil	40,000
	2018	37,434	Nil	37,434
Adrian Reynolds, Director	2019	16,000	Nil	16,000
	2018	14,974	Nil	14,974
Sandra du Toit, Director	2019	16,000	Nil	16,000
	2018	5,332	Nil	5,332
Susan Muir, Director	2019	16,000	Nil	16,000
	2018	5,332	Nil	5,332
Shaun Treacy,	2019	16,000	182,801 <sup>(4)</sup>	198,801

Director	2018	5,332	168,823 <sup>(4)</sup>	178,268
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**Notes:**

- (1) The amounts paid to the Corporation's directors and NEO for the years ended 31 December 2019 and 2018 as bonus, committee or meeting fees and value of perquisites were, in each case, NIL.
- (2) These amounts were paid in Pound Sterling and are stated in United States dollars ("US\$). The amounts in US\$ were determined using the relevant annual weighted average exchange rate.
- (3) These amounts were paid in Canadian dollars and are stated in US\$. The amounts in US\$ were determined using the relevant annual weighted average exchange rate.
- (4) In connection with the engagement of Zenith Advisory Services Ptd Ltd. in respect of the Talaxis transaction in 2018 and 2019, Mr. Treacy (through Zenith Advisory Services Pty) received in 2019 a cash fee of £140,000 (US\$182,801) and in 2018 a cash fee of £120,000 (US\$168,283).
- (5) On January 7, 2020, Sandra Evans resigned as CFO and was Tim Slater was appointed as interim CFO.

### *Stock options and other compensation securities*

The following table sets forth the compensation securities that were granted or issued to each director and named executive officer by the Corporation during the year ended December 31, 2019 for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries.

Name and position <sup>(2)</sup>	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Compensation Securities				Expiry date
			Date of issue of grant <sup>(1)</sup>	Issue, conversion or exercise price (C\$) <sup>(3)</sup>	Closing price of security or underlying security at date of grant (C\$)	Closing price of security or underlying security at year end (C\$)	
William Dawes, CEO and director	Stock options	180,000	Mar 11, 2019	0.14	0.14	0.13	Mar 10, 2029
		325,000	Aug 29, 2019	0.11	0.11	0.13	Aug 28, 2029
Alexander Lemon, President and director	Stock options	180,000	Mar 11, 2019	0.14	0.14	0.13	Mar 10, 2029
		325,000	Aug 29, 2019	0.11	0.11	0.13	Aug 28, 2029
Derek Linfield, Chairman	Stock options	180,000	Mar 11, 2019	0.14	0.14	0.13	Mar 10, 2029
		250,000	Aug 29, 2019	0.11	0.11	0.13	Aug 28, 2029
Adrian Reynolds, director	Stock options	180,000	Mar 11, 2019	0.14	0.14	0.13	Mar 10, 2029
		250,000	Aug 29, 2019	0.11	0.11	0.13	Aug 28, 2029
Sandra du Toit, director	Stock options	360,000	Mar 11, 2019	0.14	0.14	0.13	Sep 1, 2020 <sup>(5)</sup>
		250,000	Aug 29, 2019	0.11	0.11	0.13	Sep 1, 2020 <sup>(5)</sup>
Susan Muir, director	Stock options	360,000	Mar 11, 2019	0.14	0.14	0.13	Mar 10, 2029
		250,000	Aug 29, 2019	0.11	0.11	0.13	Aug 28, 2029
Shaun Treacy, director <sup>(4)</sup>	Stock options	360,000	Mar 11, 2019	0.14	0.14	0.13	Mar 10, 2029
		250,000	Aug 29, 2019	0.11	0.11	0.13	Aug 28, 2029

(1) The stock options issued during the year ended December 31, 2019 vest in four equal instalments at six monthly intervals commencing six months after the date of grant.

(2) The number of stock options outstanding at December 31, 2019 held by each named executive officer and director were as follows:

Name	Stock options
William Dawes	2,960,000
Alexander Lemon	2,960,000
Sandra Evans	260,000
Derek Linfield	2,160,000
Adrian Reynolds	1,240,000

Sandra du Toit	945,000
Susan Muir	945,000
Shaun Treacy <sup>(4)</sup>	945,000

- (3) No compensation securities were exercised by a director or named executive office during the year ended December 31, 2019.
- (4) There are 1,200,000 outstanding warrants held through Zenith Advisory Services Pty Ltd., a company of which Mr. Treacy is a director and controlling shareholder.
- (5) These options were originally due to expire on March 10, 2029 and August 28, 2029 respectively but, in accordance with the terms of the Option Plan, they expire 90 days after the resignation on June 3, 2020 of Sandra du Toit.

### ***Stock Option Plan***

The Option Plan has been established to recognize contributions made by directors, officers, employees and consultants of the Corporation, to provide incentive to qualified parties to increase their proprietary interest in the Corporation and thereby encourage their continuing association with the Corporation. The Board administers the Option Plan and it is their responsibility to ensure that the provisions of the Option Plan are adhered to. The following is a summary of some of the principal features of the Option Plan.

#### Eligible Optionees

Under the policies of the TSXV, to be eligible for the issuance of a stock option under the Option Plan, an optionee must either be a director, officer, employee, consultant or an employee of a company providing management or other services to the Corporation or a subsidiary at the time the option is granted.

Options may be granted only to an individual or to a non-individual that is wholly owned by individuals eligible for an option grant. If the option is granted to a non-individual, it must provide the TSXV with an undertaking that it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the option remains in effect, without the consent of the TSXV.

#### Material Terms of the Plan

The following is a summary of the material terms of the Option Plan:

- (a) the number of Common Shares that may be issued under the Option Plan shall not exceed 10% of the issued and outstanding Common Shares at the time of the grant;
- (b) the total number of Common Shares reserved for issuance to any one individual under the Option Plan during any twelve-month period shall not exceed 5% of the Common Shares issued and outstanding at the time of the grant (unless disinterested shareholder approval is obtained);
- (c) the maximum number of Common Shares reserved for issuance to any one consultant in any twelve-month period shall be no more than 2% of the issued and outstanding Common Shares at the time of the grant;
- (d) the maximum number of Common Shares reserved for issuance to any one person conducting investor relations activities in any twelve-month period shall be no more than 2% of the issued and outstanding Common Shares at the time of the grant;
- (e) the Board determines the purchase price for Common Shares under option but in no event, shall the price be less than the market price (as defined in the policies of the TSXV or such other exchange that the Common Shares may be listed on) less any permitted discounts;
- (f) the Corporation is required to obtain disinterested shareholder approval prior to any of the following actions becoming effective: (i) the Option Plan, together with all of the Corporation's other share compensation arrangements, could result at any time in: (A) the aggregate number of Common Shares reserved for issuance under options granted to Insiders (as defined in the Stock Option Plan) exceeding 10% of the outstanding Common Shares; (B) the number of shares issuable upon exercise of options issued to Insiders within a one-year period exceeding 10% of the outstanding Common Shares or; (C) the issuance to any one optionee, within a twelve-month period, of a number of Common Shares exceeding 5% of

outstanding Common Shares; or (ii) any reduction in the exercise price of an option previously granted to an Insider;

- (g) the Corporation may grant options having a term of up to ten years;
- (h) the vesting of options shall be at the discretion of the Board; provided that options granted to consultants conducting investor relations activities will vest over a period of not less than twelve months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting (or such longer vesting period as the Board may determine);
- (i) in the case of the death of an optionee, any vested option held by them at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option;
- (j) an option granted to any optionee will expire 90 days after the date the optionee ceases to be employed by or provide services to the Corporation, but only to the extent that such option has vested at the date the optionee ceased to be so employed by or to provide services to the Corporation; and
- (k) all unexercised options granted to any optionee will terminate immediately upon dismissal of the optionee for cause.

There were no options re-priced under the Option Plan during the Corporation's financial year ended December 31, 2019.

### ***Employment, consulting and management agreements***

#### *Consulting agreements*

William Dawes and Alexander Lemon each have a consulting agreement with the Corporation under which they provide services to the Corporation.

#### Material Terms of Consulting Agreements

##### *Other Compensation*

Other than as set forth herein, the Corporation did not pay any other compensation to Named Executive Officers of the Corporation (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full-time employees) during the last completed financial year.

##### *Termination and Change of Control Benefits*

There is no employment contract, compensatory plan, or other arrangement in place with the Named Executive Officers, nor are there any agreements between the Corporation and the Named Executive Officers that provide for payment to the Named Executive Officers of the Corporation in connection with any termination, resignation, retirement or change in responsibilities of the Named Executive Officers, except as discussed under the section entitled Executive Compensation - "Incentive Plan Awards" other than pursuant to consulting agreements (each a "**Consulting Agreement**") with William Dawes and Alexander Lemon which provide that:

- a) upon termination without cause, the consultant will be entitled to an amount equal to one year's consulting fee and the consultant options will vest and their expiry date will be extended by one year; and
- b) upon a Change of Control (as defined below), the consultant will be entitled to an amount equal to eighteen months' consulting fee and the consultant options will vest and their expiry date will be extended by one year.

Under the respective Consulting Agreements, a “**Change of Control**” shall occur if:

- a) a person, or persons acting jointly or in concert, beneficially holds more than 50% of the voting securities of the Corporation and, as a result, can exercise the right to elect a majority of the members of the Board;
- b) any merger or consolidation of the Corporation with, or sale of all or substantially all of the Corporation’s assets or business to, another person (other than an affiliate of the Corporation);
- c) there is a sale of ownership of 50% or more of the voting securities of the Corporation to another person (other than to an affiliate or subsidiary of the Corporation); or
- d) any similar transaction or combination of the foregoing which would have substantially the same effect as any of the foregoing.

#### *Management agreements*

Since Lancaster’s incorporation in 2007, Leominex has been providing management and other services to Lancaster. This arrangement was formalized by the entering into of a service provision agreement between Leominex and Lancaster on September 20, 2010 (the “**Services Agreement**”). Pursuant to the terms of the Services Agreement, Leominex provides Lancaster with a variety of services, including administrative, financial and accounting, office equipment, title maintenance, human resource planning and advice, geological and other services (the “**Services**”). Leominex’s registered address is Jayla Place, Wickhams Cay 1, P.O. Box 3190, Road Town, Tortola, British Virgin Islands, VG1110. In addition to being directors of the Corporation, William Dawes, Alexander Lemon and Shaun Treacy are also directors of Leominex.

Under the Services Agreement, Leominex is entitled to recover its costs attributable to the provision of the Services, including general and overhead costs, human resources fees, salaries and expenses and disbursements, plus a handling fee of 15%. In respect of the services of an employee of Leominex, Leominex may alternatively charge Lancaster at the per diem prevailing market rate.

The Services Agreement also provides that Leominex may, at any time and from time to time, provide interest-bearing demand loans to Lancaster at the LIBOR rate for a 12 month deposit in United States dollars on the last business day of the previous month plus 2%.

Either party is entitled to terminate the Services Agreement on 90 days’ written notice to the other party. Lancaster is further entitled to terminate the Services Agreement on 30 days written notice in the event that (i) Leominex refuses to perform any additionally requested services or to implement changes to the Services requested by Lancaster; or (ii) Lancaster’s board of directors is not satisfied that Leominex is capable of performing its plans and budgets for the due performance of the Services.

Other than pursuant to the Services Agreement, there are no management functions of the Corporation which are to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation.

#### ***Oversight and description of director and named executive officer compensation***

The non-executive directors’ compensation is agreed by the Remuneration Committee of the Board.

#### Elements of Compensation Program

The Corporation’s compensation philosophy is to provide competitive compensation with a view to attract, motivate and retain highly qualified executive officers capable of achieving the Corporation’s strategic and performance objectives and ultimately creating and preserving shareholder value. Consistent with this philosophy, the Corporation’s compensation program is designed to achieve the following key objectives:

- recruit, inspire and retain highly skilled executives;

- reward those who meet and exceed both short-term operational and long-term strategic goals; and
- align the interests of executives with corporate performance, and therefore Shareholders' interests.

The Board has not formally considered the implications of risks associated with the Corporation's compensation policies and practices as, in their view, the current structure of the Corporation's executive compensation arrangements is focused on long-term value and is designed to correlate to the long-term performance of the Corporation, which includes but is not limited to performance of its share price.

The NEOs and directors of the Corporation are not formally prohibited from purchasing financial instruments designed to hedge or offset a decrease in the market value of shares, including shares granted as or underlying share-based compensation or otherwise held directly or indirectly by an NEO or a director. In the view of the Board, the structure and nature of directors and executive compensation is designed to reduce the need to hedge or offset any potential decrease in the price of shares of the Corporation and is adequate to ensure that the interests of the directors and NEOs are adequately aligned with those of the Corporation generally.

The Corporation's compensation program is comprised of two main elements:

- (1) base salaries; and
- (2) long-term incentives in the form of security-based awards.

These components are combined to provide a compensation package that is designed to attract, retain and motivate the executive management of the Corporation with competitive remuneration packages. The remuneration policy is aligned to the Corporation's appetite for risk and long-term strategic goals. A proportion of remuneration is structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Corporation. In determining such policy, the Remuneration Committee takes into account all factors which it deems necessary, including relevant legal and regulatory requirements and the provisions and recommendations of relevant regulator guidance.

#### Base Salary

The primary element of the Corporation's compensation program is base salary. The Corporation's view is that a competitive base salary is a necessary element for attracting and retaining qualified executive officers. The amount payable to a named executive as base salary is determined primarily by past performance, anticipated future contribution and internal value of the NEOs.

#### Stock Options

The Option Plan is intended to align NEOs' long-term incentives with the interests of Shareholders. Under the Option Plan, options are awarded to senior executives for present and potential contribution to the performance of the Corporation. Options issued by the Corporation vest over time and have a maximum ten-year term, providing incentives to executives to support long-term corporate goals and Shareholder interests, further encouraging the long-term retention of such individuals. The grant of option-based awards to NEOs is approved by the Board.

Individual grants under the Option Plan are determined by an assessment by the Board (who will receive recommendations from the Remuneration Committee) of a NEO's current and expected performance, contribution to the Corporation, level of responsibility, importance of position and taking into account the number of options already held by the individual.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2019:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	13,025,000	\$0.06	275,072
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	13,025,000	\$0.06	275,072

The Option Plan provides for the issuance of stock options to acquire up to that number of Common Shares that is equal to 10% of the issued and outstanding Common Shares. This is a Rolling Plan. The Option Plan has been established to recognize contributions made by directors, officers, employees and consultants of the Corporation, to provide incentives to qualified parties to increase their proprietary interest in the Corporation and thereby encourage their continuing association with the Corporation. The Board administers the Option Plan and it is their responsibility to ensure that the provisions of the Option Plan are adhered to. Under the Option Plan, options are issued pursuant to option agreements to directors, officers, employees or consultants of the Corporation or a subsidiary of the Corporation. Options issued under the Option Plan expire on a date not later than ten years after the issuance of such option. As at the date hereof, there are 10,398,750 options outstanding and vested to purchase Common Shares representing approximately 7.8% of the issued and outstanding Common Shares.

### INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No director or officer, or former director or officer of the Corporation nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

### INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth herein and below, or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or officer, proposed nominee for election as a director or any Shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

### INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or executive officer of the Corporation, nor any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or 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 and the grant of options which may be granted to such persons upon re-approval of the Option Plan, and as may be set out herein.

## MANAGEMENT CONTRACTS

Since Lancaster's incorporation in 2007, Leominex has been providing management and other services to Lancaster. This arrangement was formalized by the entering into of a service provision agreement between Leominex and Lancaster on September 20, 2010 (the "**Services Agreement**"). Pursuant to the terms of the Services Agreement, Leominex provides Lancaster with a variety of services, including administrative, financial and accounting, office equipment, title maintenance, human resource planning and advice, geological and other services (the "**Services**"). Leominex's registered address is Jayla Place, Wickhams Cay 1, P.O. Box 3190, Road Town, Tortola, British Virgin Islands, VG1110. In addition to being directors of the Corporation, William Dawes, Alexander Lemon and Shaun Treacy are also directors of Leominex.

Under the Services Agreement, Leominex is entitled to recover its costs attributable to the provision of the Services, including general and overhead costs, human resources fees, salaries and expenses and disbursements, plus a handling fee of 15%. In respect of the services of an employee of Leominex, Leominex may alternatively charge Lancaster at the per diem prevailing market rate.

The Services Agreement also provides that Leominex may, at any time and from time to time, provide interest-bearing demand loans to Lancaster at the LIBOR rate for a 12 month deposit in United States dollars on the last business day of the previous month plus 2%.

Either party is entitled to terminate the Services Agreement on 90 days' written notice to the other party. Lancaster is further entitled to terminate the Services Agreement on 30 days written notice in the event that (i) Leominex refuses to perform any additionally requested services or to implement changes to the Services requested by Lancaster; or (ii) Lancaster's board of directors is not satisfied that Leominex is capable of performing its plans and budgets for the due performance of the Services.

Other than pursuant to the Services Agreement, there are no management functions of the Corporation which are to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation.

## CORPORATE GOVERNANCE

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 Corporation. The Board is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), the Corporation is required to disclose its corporate governance practices as summarized below.

### Board of Directors

The Board facilitates its exercise of independent supervision over the Corporation's management through frequent meetings. The Board is currently composed of six directors, three of whom are considered to be independent for purposes of NI 58-101. The independent members of the Board are Derek Linfield, Adrian Reynolds and Susan Muir. Alexander Lemon is not considered an independent director as he is the President of the Corporation, William Dawes is not considered independent as he is the CEO of the Corporation and Shaun Treacy is not considered independent as a result of the finder's fee paid to him (through Zenith Advisory Services Pty Ltd.) in 2017, 2018 and 2019 in connection with the completion of the transaction by Talaxis, as disclosed in the Corporation's management information circular dated December 8, 2017.

The Board may meet independently of management as needed. Although they are permitted to do so, the independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. To facilitate independent judgment among the Board, the Board encourages open and transparent discussions in carrying out its various functions. Furthermore, the Board is in regular formal and informal contact and independent directors are continually provided with the opportunity to be fully apprised of the Corporation's plans and to question management as required.

Directorships

The following directors are also directors of the reporting issuers (or equivalents) shown in the table below:

Name	Other Directorship of Reporting Issuer	Name of Trading Market
Adrian Reynolds	Geodrill Limited GT Gold Corporation	TSX TSXV

Attendance

The following table sets forth the attendance by directors of formal board meetings held during the year ended December 31, 2019:

Name	Board Meetings Attended (in person or by telephone)
Adrian Reynolds	11/11
Derek Linfield	11/11
William Dawes	11/11
Alexander Lemon	11/11
Sandra du Toit <sup>(1)</sup>	11/11
Susan Muir	11/11
Shaun Treacy	10/11

**Notes:**

(1) Sandra du Toit resigned as a director of the Board on June 3, 2020.

Position Descriptions

While the Board has not codified written descriptions of the Chair of the Board and each committee, the Chief Executive Officer or the Chief Financial Officer, the Corporation and the Board delineate the roles and responsibilities of each position through frequent and transparent communication with each other regarding such roles and responsibilities.

Orientation and Continuing Education

The Corporation takes appropriate steps to assist new directors of the Corporation to develop an understanding of (i) the role of the Board and its committees; (ii) the contribution that directors are expected to make to the Board; and (iii) the nature and operation of the Corporation's business. The Corporation also provides all directors appropriate opportunities when required to maintain or enhance their skills and abilities as directors and ensure that their knowledge and understanding of the Corporation's business remains current.

In order to orient new directors regarding the role of the Board, its committees and directors, including the business and operations of the Corporation, all potential new directors are given the opportunity to meet with the Chief

Executive Officer and other directors to ask questions and become familiar with the Corporation prior to being elected as a director.

#### Ethical Business Conduct

The Board has not adopted a written code for the directors, officers and employees but may consider doing so in the future. The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the BCBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors, which evoke such a conflict.

#### Nomination of Directors

The Board has not appointed a nominating committee. The Board determines new nominees to the Board although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board including both formal and informal discussions among the directors and officers.

#### Compensation

A copy of the Remuneration Committee Charter is attached as Appendix B hereto, describing the responsibilities, powers and operation of the Remuneration Committee. The table below lists the members of the Remuneration Committee following the Meeting and their independence:

<b>Name<sup>(1)</sup></b>	<b>Independent</b>
Adrian Reynolds	Yes
Susan Muir <sup>(2)</sup>	Yes
Derek Linfield	Yes

#### **Note:**

- (1) During 2019 and until her resignation as a director on June 3, 2020, Sandra du Toit served as a member of the Remuneration Committee.
- (2) Chair of Remuneration Committee.

#### Relevant Education and Experience

All the members of the Remuneration Committee have been involved in providing legal advice to or the financing, administration and operation of managing public companies or significant operations of private companies, which provides relevant experience to serve on the Remuneration Committee.

#### Other Board Committees

The Corporation has no standing committees at this time, other than the Remuneration Committee and the Audit Committee (as defined below).

#### Assessments

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. The Board through the careful selection of its

members and from fostering a culture of openness has established an environment where its members are given ongoing feedback on their performance.

### **AUDIT COMMITTEE**

National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) requires the Corporation, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee (the “**Audit Committee**”) and its relationship with its independent auditor, as set forth in the following:

#### Audit Committee Charter

A copy of the Audit Committee Charter is attached as Appendix C hereto.

#### Composition of the Audit Committee

The table below lists the members of the Audit Committee and their independence and financial literacy:

Audit Committee Members <sup>(1)</sup>	Independent	Financially Literate
Susan Muir <sup>(2)</sup>	Yes	Yes
Shaun Treacy <sup>(3)</sup>	No	Yes
Adrian Reynolds <sup>(2)</sup>	Yes	Yes

#### **Notes:**

- (1) Sandra du Toit was a member of the Audit Committee during 2019 and until her resignation on June 3, 2020. She was replaced on that date by Adrian Reynolds rejoining the Audit Committee.
- (2) Ms. Muir joined the Audit Committee on May 1, 2019 to replace Adrian Reynolds.
- (3) Chair of Audit Committee.

#### Relevant Education and Experience

All the members of the Audit Committee have been involved in the financing, administration and operation of managing public companies or significant operations of private companies. All members have the ability to read, analyze, and understand the complexities surrounding the issuance of financial statements.

#### Audit Committee Oversight

Since the commencement of the Corporation’s most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

#### Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures for the engagement of non-audit services. The Audit Committee has delegated to its members the authority to pre-approve non-audit services, provided, however, that such pre-approval of non-audit services shall be presented to the Audit Committee at its first scheduled meeting following any such pre-approval.

#### External Auditor Service Fees (by Category)

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2019 (US\$)	Fees Paid to Auditor in Year Ended December 31, 2018 (US\$)
Audit Fees <sup>(1)</sup>	73,728	58,840

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2019 (US\$)	Fees Paid to Auditor in Year Ended December 31, 2018 (US\$)
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	2,460	2,500
All Other Fees <sup>(4)</sup>	Nil	Nil
Total	76,188	61,340

**Notes:**

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Corporation's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

**Exemption**

The Corporation is relying upon the exemption in section 6.1 of NI 52-110 in respect of its reporting obligations under NI 52-110 for the year ended December 31, 2019. This exempts a "venture issuer" (as defined in NI 52-110) from the requirement to comply with Part 3 "*Composition of the Audit Committee*" and Part 5 "*Reporting Obligations*" of NI 52-110.

**OTHER MATTERS**

Management of the Corporation is not aware of any other matters to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter comes before the Meeting properly it is the intention of the persons named in the enclosed Proxy Form to vote the Common Shares represented thereby in accordance with their best judgement on such matters.

**ADDITIONAL INFORMATION**

Additional information and the Corporation's Financial Statements relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Corporation to request copies of the Corporation's Financial Statements and management's discussion and analysis ("MD&A") by sending a request to the office of the Corporation. Financial information is provided in the Corporation's annual Financial Statements and MD&A for the financial year ended December 31, 2019.

**APPENDIX “A”**  
**MKANGO RESOURCES LTD.**  
**STOCK OPTION PLAN**

**1. PURPOSE OF THE PLAN**

The purpose of the Plan is to assist Mkango Resources Ltd. (the “**Corporation**”) in attracting, retaining and motivating directors, key officers, employees and consultants of the Corporation and of its subsidiaries and to closely align the personal interests of such directors, officers, employees and consultants with those of the shareholders by providing them with the opportunity, through options, to acquire common shares of the Corporation.

**2. IMPLEMENTATION**

The grant and exercise of any options under the Plan are subject to compliance with the applicable requirements of each stock exchange on which the shares of the Corporation are or become listed and of any governmental authority or regulatory body to which the Corporation is subject.

**3. ADMINISTRATION**

The Plan shall be administered by the board of directors of the Corporation which shall, without limitation, have full and final authority in its discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Plan. The board of directors may delegate any or all of its authority with respect to the administration of the Plan and any or all of the rights, powers and discretions with respect to the Plan granted to it under this Plan to such committee of directors of the Corporation as the board of directors may designate. Upon any such delegation the committee of directors, as the case may be, as well as the board of directors, shall be entitled to exercise any or all of such authority, rights, powers and discretions with respect to the Plan. When used in the context of this Plan “board of directors” shall be deemed to include any committee of directors acting on behalf of the board of directors.

**4. NUMBER OF SHARES UNDER PLAN**

A maximum number of common shares equal to 10 percent (10%) of the issued and outstanding common shares of the Corporation, from time to time, (the “**Optioned Shares**”) shall be reserved, set aside and made available for issuance in accordance with the Plan. In no event shall options be granted, without regulatory and/or disinterested shareholder approval, whereby in any 12 month period;

- (a) any one person is granted options to purchase in excess of five percent (5%) of the then issued shares of the Corporation;
- (b) any one consultant is granted options to acquire more than two percent (2%) of the then issued shares of the Corporation; and
- (c) any Participants conducting investor relations activities, are granted options to acquire more than an aggregate of two percent (2%) of the then issued shares of the Corporation.

In addition to the foregoing, any options issued to a Participant performing investor relations activities must vest in stages over no less than twelve months with no more than one-quarter of the options vesting in any three month period.

If option rights granted to an individual under the Plan shall expire or terminate for any reason without having been exercised in respect of certain Optioned Shares, such Optioned Shares may be made available for other options to be granted under the Plan.

Other than in connection with a Qualifying Transaction, during the time that the Corporation is a CPC, the aggregate number of Common Shares issuable upon exercise of all options granted shall not exceed 10% of the Common

Shares issued and outstanding at the closing of the Corporation's initial public offering ("**Qualifying Transaction**" and "**CPC**") shall have the meanings set forth in the TSX Venture Exchange Corporate Finance Manual).

## 5. ELIGIBILITY

Options may be granted under the Plan to any person who is a director, officer, employee or consultant of the Corporation, or of its subsidiaries, as the board of directors may from time to time designate as a participant under the Plan (a "**Participant**"). The Corporation represents and confirms that any Participant under the Plan will be a bona fide director, officer, employee or consultant of the Corporation. Subject to the provisions of this Plan, the total number of Optioned Shares to be made available under the Plan and to each Participant, the time or times and price or prices at which options shall be granted, the time or times at which such options are exercisable, and any conditions or restrictions on the exercise of options, shall be in the full and final discretion of the board of directors.

## 6. SHAREHOLDER APPROVAL

The Corporation will be required to obtain disinterested shareholder approval for the reduction in the exercise price of Optioned Shares where the Optionee is an insider.

The Corporation must obtain disinterested Shareholder approval of the Plan if the Plan, together with all of the Corporation's previously established and outstanding stock option plans or grants, could result at any time in:

- (a) the number of shares reserved for issuance under stock options granted to Insiders exceeding 10% of the issued shares;
- (b) the grant to Insiders, within a 12 month period, of a number of options exceeding 10% of the issued shares;
- (c) issuance to any one Participant, within a 12 month period, of a number of shares exceeding 5% of the issued shares.

("Insider" shall have the meanings set forth in the TSX Venture Exchange Corporate Finance Manual).

## 7. TERMS AND CONDITIONS

- (a) Exercise Price

The exercise price to each Participant for each Optioned Share shall be as determined by the board of directors, but shall in no event be less than the market price of the common shares of the Corporation on the TSX Venture Exchange, or such other exchange on which the common shares are listed at the time of the grant of the option, less the maximum discount permitted under the policies of the TSX Venture Exchange or such other exchange on which the common shares are listed, or such other price as may be agreed to by the Corporation and approved by the TSX Venture Exchange or such other exchange on which the common shares are listed.

- (b) Option Agreement

All options shall be granted under the Plan by means of an agreement between the Corporation and each Participant (the "**Option Agreement**") in the form as may be approved by the board of directors, such approval to be conclusively evidenced by the execution of the Option Agreement by any one director or officer of the Corporation.

- (c) Length of Grant

All options granted under the Plan shall expire not later than the tenth anniversary of the date such Options were granted or such other length of time as may be permitted under the policies of the stock exchange on which the common shares are listed.

## (d) Non-Assignability of Options

An option granted under the Plan shall not be transferable or assignable (whether absolutely or by way of mortgage, pledge or other charge) by a Participant other than by will or other testamentary instrument or the laws of succession and may be exercisable during the lifetime of the Participant and only by the Participant.

## (e) Right to Postpone Exercise

Each Participant, upon becoming entitled to exercise the option in respect of any Optioned Shares in accordance with the Option Agreement, shall be entitled to exercise the option to purchase such Optioned Shares at any time prior to the expiration or other termination of the Option Agreement.

## (f) Exercise and Payment

Any option granted under the Plan may be exercised by a Participant or the legal representative of a Participant giving notice to the Corporation specifying the number of shares in respect of which such option is being exercised, accompanied by payment (by cash or certified cheque payable to the Corporation) of the entire exercise price (determined in accordance with the Option Agreement) for the number of shares specified in the notice. Upon any such exercise of an option by a Participant the Corporation shall cause the transfer agent and registrar of the common shares of the Corporation to promptly deliver to such Participant or the legal representative of such Participant, as the case may be, a share certificate in the name of such Participant or the legal representative of such Participant, as the case may be, representing the number of shares specified in the notice.

## (g) Rights of Participants

The Participants shall have no rights as shareholders in respect of any of the Optioned Shares (including, without limitation, any right to receive dividends or other distributions, voting rights, warrants or rights under any rights offering) other than Optioned Shares in respect of which Participants have exercised their option to purchase and which have been issued by the Corporation.

## (h) Third Party Offer

If, at any time when an option granted under the Plan remains unexercised with respect to any Optioned Shares, an Offer to purchase all of the common shares of the Corporation is made by a third party, the Corporation shall use its best efforts to bring such offer to the attention of the Participants as soon as practicable and the Corporation may, at its option, require the acceleration of the time for the exercise of the option rights granted under the Plan and of the time for the fulfillment of any conditions or restrictions on such exercise.

## (i) Alterations in Shares

In the event of a share dividend, share split, issuance of shares or instruments convertible into common shares (other than pursuant to the Plan) for less than market value, share consolidation, share reclassification, exchange of shares, recapitalization, amalgamation, merger, consolidation, corporate arrangement, reorganization, liquidation or the like of or by the Corporation, the board of directors may make such adjustment, if any, of the number of Optioned Shares, or of the exercise price, or both, as it shall deem appropriate to give proper effect to such event, including to prevent, to the extent possible, substantial dilution or enlargement of rights granted to Participants under the Plan. In any such event, the maximum number of shares available under the Plan may be appropriately adjusted by the board of directors. If because of a proposed merger, amalgamation or other corporate arrangement or reorganization, the exchange or replacement of shares in the Corporation of those in another company is imminent, the board of directors may, in a fair and equitable manner, determine the manner in which all unexercised option rights granted under the Plan shall be treated including, for example, requiring the acceleration of the time for the exercise of such rights by the Participants and of the time for the fulfillment of any conditions or restrictions on such exercise. All determinations of the board of directors under this paragraph 6(i) shall be full and final.

## (j) Termination

Subject to paragraph 6(k), if a Participant is dismissed as an officer, employee or consultant by the Corporation or by one of its subsidiaries for cause, all unexercised option rights of that Participant under the Plan shall terminate immediately upon such dismissal, notwithstanding the original term of the option granted to such Participant under the Plan.

## (k) Disability or Retirement

Notwithstanding paragraph 6(j), if a Participant ceases to be an officer, employee or consultant of the Corporation or of one of its subsidiaries as a result of:

- (i) disability or illness preventing the Participant from performing the duties routinely performed by such Participant;
- (ii) retirement at the normal retirement age prescribed by the Corporation pension plan;
- (iii) resignation; or
- (iv) such other circumstances as may be approved by the board of directors;

such Participant shall have the right for a period not exceeding 90 days from the date of ceasing to be an officer, employee, consultant or director (or, if earlier, until the expiry date of the option rights of the Participant pursuant to the terms of the Option Agreement) to exercise the option under the Plan with respect to all Optioned Shares of such Participant to the extent they were exercisable on the date of ceasing to be an officer, employee, consultant or director. Upon the expiration of the 90 days period (or such earlier expiry date as provided for in the Option Agreement) all unexercised option rights of that Participant shall immediately terminate and shall lapse notwithstanding the original term of the option granted to such Participant under the Plan. In the event that the Participant is engaged in investor relations activities, the 90 days period is abbreviated to 30 days.

## (l) Deceased Participant

In the event of the death of any Participant, the legal representatives of the deceased Participant shall have the right for a period not exceeding one year from the date of death of the deceased Participant (or such shorter period being, until the expiry date of the option rights of the Participant pursuant to the terms of the Option Agreement) to exercise the deceased Participant's option with respect to all of the Optioned Shares of the deceased Participant to the extent they were exercisable on the date of death. Upon the expiration of such period all unexercised option rights of the deceased Participant shall immediately terminate, notwithstanding the original term of the option granted to the deceased Participant under the Plan.

## 8. AMENDMENT AND DISCONTINUANCE OF PLAN

The board of directors may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time, provided that no such action may in any manner adversely affect the rights under any options earlier granted to a Participant under the Plan without the consent of that Participant.

The board of directors may amend the terms of the Plan only where prior TSX Venture Exchange acceptance is obtained and where the following requirements are met:

- (a) if the Participant is an Insider of the Corporation at the time of the amendment, the Corporation obtains disinterested Shareholder approval (as described in section 6 above);
- (b) (if the option exercise price is amended, at least six months have elapsed since the later of the date of commencement of the term, the date the Corporation's shares commenced trading, or the date the option exercise price was last amended);
- (c) if the option price is amended to the Discounted Market Price, the Exchange Hold Period is applied from the date of the amendment (and for more certainty where the option price is amended to the Market Price, the Exchange Hold Period will not apply); and

- (d) if the length of the stock option term is amended, any extension of the length of the term of the stock option is treated as a grant of a new option, and therefore also complies with pricing and other requirements of TSX Venture exchange Policy 4.4 *Incentive Stock Options*. The term of an option cannot be extended so that the effective term of the option exceeds 10 years in total. An option must be outstanding for at least one year before the Corporation can extend its term.

(“**Discounted Market Price**”, “**Market Price**” and “**Exchange Hold Period**” shall have the meanings set forth in the TSX Venture Exchange Corporate Finance Manual).

**9. NO FURTHER RIGHTS**

Nothing contained in the Plan nor in any option granted under this Plan shall give any participant or any other person, any interest or title in or to any common shares of the Corporation or any rights as a shareholder of the Corporation or any other legal or equitable right against the Corporation other than as set out in the Plan and pursuant to the exercise of any option, nor shall it confer upon the Participants any right to continue as an employee, officer, consultant or director of the Corporation or of its subsidiaries.

**10. COMPLIANCE WITH LAWS**

The obligations of the Corporation to sell common shares and deliver share certificates under the Plan are subject to such compliance by the Corporation and the Participants as the Corporation deems necessary or advisable with all applicable corporate and securities laws, rules and regulations.

**11. GENDER**

The use of the masculine gender in this Plan shall be deemed to include or be replaced by the feminine gender where appropriate to the particular Participant.

## APPENDIX “B”

### MKANGO RESOURCES LTD.

#### REMUNERATION COMMITTEE CHARTER

#### 1. CONSTITUTION

The Remuneration Committee (the “**Committee**”) was constituted at a full meeting of the board of directors (the “**Board**”) held on May 12, 2016 in accordance with the articles of the Corporation (the “**Articles**”).

#### 2. DUTIES AND TERMS OF REFERENCE

- 2.1 The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Corporation’s Chairman and the executive directors including pension rights and compensation payments and such other matters as set out in these terms of reference. The remuneration of non-executive directors shall be a matter for the Board or the shareholders of the Corporation (the “Shareholders”) (within the limits set in the Articles). No director or senior manager shall be involved in any decisions as to their own remuneration. The Committee shall recommend and monitor the level and structure of remuneration for senior management.
- 2.2 In determining such policy, the Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. The objective of such policy shall be to attract, retain and motivate the executive management of the Corporation without paying more than necessary. The remuneration policy should be aligned to the Corporation’s appetite for risk and long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long term success of the Corporation.
- 2.3 When setting remuneration policy for directors, the Committee shall review and have regard to the pay and employment conditions across the Corporation and its subsidiaries, especially when determining salary increases.
- 2.4 The Committee shall review the ongoing appropriateness and relevance of the remuneration policy.
- 2.5 The Committee shall approve the design of, and determine targets for, any performance related pay schemes operated by the Corporation and approve the total annual payments made under such schemes.
- 2.6 The Committee shall review the Corporation’s arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 2.7 The Committee shall review the design of all share incentive plans for approval by the Board and the Shareholders. For any such plans, the Committee shall determine each year whether awards will be made, and if so, the overall amount of such awards, the amount of individual awards to executive directors, Secretary and other senior executives and the performance targets to be used.
- 2.8 The Committee shall determine the policy for, and scope of, pension arrangements for each executive director and other senior executives.
- 2.9 Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, the Committee shall determine the total individual remuneration package of the chairman, each executive director, the Secretary and other senior executives including bonuses, incentive payments and share options or other share awards.
- 2.10 The Committee shall:
  - 2.10.1 ensure that contractual terms on termination and any payments made are fair to the individual and the Corporation; that failure is not rewarded; and that the duty to mitigate loss is fully recognised;

- 2.10.2 oversee any major changes in employee benefits structures throughout the Corporation or group; and
- 2.10.3 agree the policy for authorising claims for expenses from the directors.
- 2.11 The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 2.12 The Committee shall obtain reliable, up-to-date information about remuneration in other companies of comparable scale. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary to help it fulfil its obligations within any budgetary restraints imposed by the board.
- 2.13 The Committee shall consider such other matters as may be requested by the Board.

### **3. MEMBERSHIP**

- 3.1 The Board shall appoint a chairman of the Committee (the “Committee Chairman”) who shall be an independent non-executive director. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The chairman of the board shall not be chairman of the Committee.
- 3.2 The members of the Committee shall be appointed by the Board in consultation with the Chairman of the remuneration committee. All of the members of the Committee should be independent non-executive directors. Appointments to the Committee shall be for periods of up to three years, which may be extended for additional three-year periods provided the members continue to be independent.
- 3.3 The Committee shall have at least two members. The chairman of the Board may also serve on the Committee as an additional member, but not the chair the Committee, if he or she was considered independent on appointment as chairman.
- 3.4 The members of the Committee can be varied at any time by a majority resolution of the existing members of the Committee save that any additional appointment must still be an independent non-executive director.
- 3.5 A duly convened meeting of the Committee in which a quorum is participating shall be competent to exercise all or any of the authorities, powers, or discretions vested in or exercisable by the Committee.

### **4. VOTING ARRANGEMENTS**

- 4.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 4.2 Each member of the Committee must, at or prior to the commencement of each meeting of the Committee, disclose to the Committee any interest that he or she has in any matter or proposal to be considered at the meeting. If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 4.3 Save where he has a personal interest, the Chairman will have a casting vote.

### **5. ATTENDANCE AT MEETINGS**

- 5.1 The Committee will use its best efforts to meet at least twice a year. The Committee may meet at other times during the year as requested by the Chairman of the Committee.
- 5.2 Only members of the Committee have the right to attend Committee meeting but other directors and external advisers may be invited to attend all or part of any meeting as and when appropriate.

- 5.3 The Secretary or his or her nominee shall be the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## **6. NOTICE OF MEETINGS**

- 6.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of the Chairman.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member of the Committee and any other person required to attend no later than five working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.

## **7. AUTHORITY**

The Committee is authorised by the Board to examine any activity within these terms of reference and is authorised to obtain, at the Corporation's expense, legal or professional advice on any matter within its terms of reference. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

## **8. REPORTING**

The proceedings and resolutions of the Committee meetings, including the names of those present and in attendance shall be minuted by the secretary of the Committee. Draft minutes of each meeting will be circulated promptly to all members of the Committee. Once approved, the minutes of each meeting will be circulated to all other members of the Board unless, in the opinion of the Committee Chairman, it would be inappropriate to do so. The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

## **9. GENERAL MATTERS**

- 9.1 The Committee Chairman should make him or herself available at each Annual General Meeting of the Corporation to answer questions concerning the Committee's work.
- 9.2 The Committee shall arrange for periodic reviews of its own performance and, at least once a year, review its constitution and terms of reference to ensure it is operating at maximum effectiveness, and recommend any changes it considers necessary to the Board for approval.
- 9.3 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required, and be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members
- 9.4 The Committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes as appropriate.
- 9.5 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

- 9.6 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code, are fulfilled and produce a report of the Corporation's remuneration policy and practices to be included in the Corporation's annual report, ensuring that each year that it is put to shareholders for approval at the annual general meeting of the Corporation. If the Committee has appointed remuneration consultants, the annual report of the Corporation's remuneration policy should identify such consultants and state whether they have any other connection with the Corporation.
- 9.7 The Committee shall, through the Chairman of the Board, ensure that the Corporation maintains contact as required with its principal shareholders about remuneration.

**10. AVAILABILITY OF TERMS OF REFERENCE**

- 10.1 These terms of reference shall be made available on the Corporation's website.

## APPENDIX “C”

### MKANGO RESOURCES LTD.

#### AUDIT COMMITTEE CHARTER

##### **Role and Objective**

The Audit Committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Mkango Resources Ltd. (“**Mkango**” or the “**Corporation**”) to which the Board has delegated its responsibility for the oversight of the nature and scope of the annual audit, the oversight of management’s reporting on internal accounting standards and practices, the review (and challenge, where necessary) of financial information, accounting systems and procedures, financial reporting and financial statements and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

1. to assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of Mkango, including its annual and half year reports, interim management statements and preliminary results announcements and any other formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgements and any other related matters;
2. to provide better communication between directors and external auditors;
3. to communicate directly with the external auditors;
4. to enhance the external auditor’s independence;
5. to increase the credibility and objectivity of financial reports; and
6. to strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

##### **Membership of Committee**

1. The Committee will be comprised of at least three (3) directors of Mkango or such greater number as the Board may determine from time to time and each member of the Committee shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, and applicable securities regulatory authorities (in particular, as the terms independent and financially literate are used in Multilateral Instrument 52-110 Audit Committees (“MI 52-110”) unless the Board determines that the exemption contained in MI 52-110 is available and determines to rely thereon.)
2. The board of directors may from time to time designate one of the members of the Committee to be the Chair of the Committee. The Board shall determine whether and how many members of the Committee qualify as financially literate as defined by applicable law.
3. Appointments to the Committee shall be for a period of up to three years, which may be extended by additional periods of up to three years, provided the members continue to remain independent.
4. If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting on such matter.

##### **Mandate and Responsibilities of Committee**

It is the responsibility of the Committee to:

1. To review and update the charter at least annually.
2. Oversee the work of the external auditors, including the resolution of any disagreements between management and the external auditors regarding financial reporting.

3. Satisfy itself on behalf of the Board with respect to the adequacy of Mkango's internal control systems.
4. Review the annual and interim financial statements of Mkango and related management's discussion and analysis ("MD&A") prior to their submission to the Board for approval. The process should include but not be limited to:
  - reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
  - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
  - reviewing accounting treatment of unusual or non-recurring transactions;
  - ascertaining compliance with covenants under loan agreements;
  - reviewing disclosure requirements for commitments and contingencies;
  - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - reviewing unresolved differences between management and the external auditors; and
  - obtaining explanations of significant variances with comparative reporting periods.
5. Review the financial statements, prospectuses, MD&A, annual information forms ("AIF") (as applicable) and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Mkango's disclosure of all other financial information and will periodically assess the accuracy of those procedures.
6. With respect to the appointment of external auditors by the Board:
  - recommend to the Board the external auditors to be nominated;
  - recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;
  - on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
  - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
  - review and pre-approve any non-audit services to be provided to Mkango or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time;
  - review the performance of the external auditors annually or more frequently as required; and
  - ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms and oversee the selection process and further ensure that all tendering firms have such access as is necessary to information and individuals during the tendering process.
7. Review with external auditors (and internal auditor if one is appointed by Mkango) their assessment of the internal controls of Mkango, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee will also review

- annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Mkango and its subsidiaries.
8. Give due consideration to applicable laws and regulations, the provisions of the UK Corporate Governance Code, the QCA Corporate Governance Guidelines for Small and Mid Sized Quoted Companies, NAPF Corporate Governance Policy & Voting Guidelines for Smaller Companies and the requirements of the London Stock Exchange's rules for AIM companies as appropriate.
  9. Review risk management policies and procedures of Mkango (i.e. hedging, litigation and insurance).
  10. Establish a procedure for:
    - the receipt, retention and treatment of complaints received by Mkango regarding accounting, internal accounting controls or auditing matters; and
    - the confidential, anonymous submission by employees of Mkango of concerns regarding questionable accounting or auditing matters and keep the said procedures under review, ensuring that that it allows proportionate and independent investigation of such matters and appropriate follow up action.
  11. Review and approve Mkango's hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of Mkango.
  12. Review Mkango's procedures for detecting fraud.
  13. Review Mkango's systems and controls for the prevention of bribery and receive reports on non-compliance.

Not only does the Committee have the authority to communicate directly with the external auditors of the Corporation, but the Corporation requires the external auditors to report directly to the Committee. The Committee will also have the authority to investigate any financial activity of Mkango. All employees of Mkango are to cooperate as requested by the Committee.

The Committee may also retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at such compensation as established by the Committee and at the expense of Mkango without any further approval of the Board.

### **Meetings and Administrative Matters**

1. At all meetings of the Committee every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least four times per year (quarterly). Minutes of all meetings of the Committee will be taken. The President and Chief Executive Officer, Chief Operating Officer and Chief Financial Officer will if invited to do so by the Committee attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair.
5. The Committee will meet with the external auditors at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditors and the Committee consider appropriate. At least once per year, the Committee should meet with the external auditors in the absence of management to determine, inter alia, that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee.

6. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
7. The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.

Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the chairman of the Board by the Chair.