



**MKANGO RESOURCES
LTD.**

**550 Burrard
Street
Suite 2900
Vancouver, BC, V6C 0A3**

**Form 51-102F6V
STATEMENT OF 2023
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 financial year ended December 31, 2023 in respect of the Corporation’s Named Executive Officers (“NEOs”) and Directors. A NEO is defined under Form 51-102F6V - *Statement of Executive Compensation* (“**Form 51-102F6V**”) to include the following individuals:

- (a) the 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 NEOs for the year ended December 31, 2023 are William Dawes, Alexander Lemon and Robert Sewell. William Dawes was appointed as CEO of the Corporation effective December 10, 2020 and Alexander Lemon was appointed as President of the Corporation effective December 10, 2010. Robert Sewell was appointed on June 26, 2022 replacing Tim Slater as CFO. No other individuals were considered Named Executive Officers, as such term is defined in Form 51-102F6V, during the year ended December 31, 2023.

Table of compensation excluding compensation securities				
Name and position	Year	Salary, consulting fee, retainer or commission (US\$)	All other compensation (US\$)	Total compensation (US\$)
William Dawes, CEO and Director ⁽¹⁾	2023	237,794	Nil	237,794
	2022	223,629	Nil	223,629
Alexander Lemon, President and Director ⁽¹⁾	2023	237,794	Nil	237,794
	2022	234,952	Nil	234,952
Robert Sewell, CFO ⁽¹⁾⁽³⁾	2023	205,138	Nil	205,138
	2022	104,877	Nil	104,877
Derek Linfield, Chairman and Director ⁽¹⁾	2023	87,028	Nil	87,028
	2022	86,248	Nil	86,248
Susan Muir, Director	2023	25,000	Nil	25,000
	2022	25,000	Nil	25,000
Shaun Treacy, Director	2023	25,000	Nil	25,000
	2022	25,000	Nil	25,000
Philipa Varris, Director ⁽¹⁾⁽⁴⁾	2023	14,708	Nil	14,708
	2022	-	Nil	-
Stephen Motteram Director ⁽²⁾	2023	Nil	Nil	Nil
	2022	Nil	Nil	Nil

Notes:

- (1) 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.
- (2) Stephen Motteram became a director on October 29, 2021 and resigned on December 14, 2023.
- (3) Robert Sewell replaced Tim Slater (interim CFO) on June 26, 2022.
- (4) Philipa Varris became a director on May 24, 2023.

External Management Companies

There are currently no contracts with external management companies in effect, other than the agreement with Leo Mining & Exploration Limited (“**Leominex**”) described below under “*Employment, consulting and management agreements – Management Agreements*”.

Stock options and Other Compensation Securities

The Corporation issued the following compensation securities to the directors or named executive officers during the year ended December 31, 2023 for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries. All of these compensation securities only vest if the Company has finalized the Mining Development Agreement (“MDA”) in Malawi and secured the mining license for the Songwe Hill rare earths project.

Name and position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities and Percentage of Class ⁽⁸⁾	Date of Issue or Grant	Exercise Price (C\$)	Closing Price of Common Shares on date of grant (C\$)	Closing Price of Common Shares on December 31, 2023 (C\$)	Expiry Date
William Dawes, CEO and Director ⁽¹⁾	Stock Options	287,500	May 30,2023	0.2025	0.18	0.17	May 29,2033
William Dawes, CEO and Director ⁽¹⁾	Restricted Share Units (“RSUs”)	287,500	May 30,2023	0.00	0.18	0.17	May 29,2033
Alexander Lemon, President and Director ⁽¹⁾	Stock Options	287,500	May 30,2023	0.2025	0.18	0.17	May 29,2033
Alexander Lemon, President and Director ⁽¹⁾	Restricted Share Units (“RSUs”)	287,500	May 30,2023	0.00	0.18	0.17	May 29,2033
Robert Sewell, Chief Financial Officer ⁽¹⁾	Stock Options	375,000	May 30,2023	0.2025	0.18	0.17	May 29,2033
Derek Linfield, Chairman and Director ⁽¹⁾	Stock Options	250,000	May 30,2023	0.2025	0.18	0.17	May 29,2033
Susan Muir, Director ⁽¹⁾	Stock Options	175,000	May 30,2023	0.2025	0.18	0.17	May 29,2033
Shaun Treacy, Director ⁽¹⁾	Stock Options	175,000	May 30,2023	0.2025	0.18	0.17	May 29,2033
Philipa Varris, Director	Stock Options	400,000	May 30,2023	0.2025	0.18	0.17	May 29,2033

Notes:

(1) As at December 31, 2023, each of the directors and NEOs held the following number of Stock Options, EMI Options and RSUs, as applicable: William Dawes held 3,707,500 Stock Options, 840,000 EMI Options and 2,287,500 RSUs; Alexander Lemon held 3,707,500 Stock Options, 840,000 EMI Options and 2,287,500 RSUs; Derek Linfield held 3,410,000 Stock Options; Susan Muir held 1,370,000 Stock Options, Shaun Treacy held 1,370,000 Stock Options and Robert Sewell held 725,000 Stock Options.

Exercise of Compensation Securities by Directors and NEOs

No Stock Options, EMI Options or RSUs were exercised by any Directors or NEOs during the year ended December 31, 2023.

Stock Option Plan, EMI Plan and RSU Plan

There were no options re-priced under the Stock Option Plan or EMI Plan or RSUs re-priced under the RSU Plan during the Corporation’s financial year ended December 31, 2023.

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2023:

	Number of securities to be issued upon exercise of outstanding Stock Options, EMI Options, RSUs, warrants and rights	Weighted-average exercise price of outstanding Stock Options, EMI Options, RSUs, warrants and rights (C\$)	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	24,125,000	0.22	2,720,357
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	24,125,000	0.22	2,720,357

Stock Option Plan

The Corporation's stock option plan (the "**Stock Option Plan**") was last approved by shareholders of the Corporation ("**Shareholders**") at the Corporation's annual meeting held on October 25, 2023.

The Stock 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, provided that in no case can options be granted under the Stock Option Plan, EMI Options granted under the EMI Plan and RSUs issued under the RSU Plan that would require the issuance of more than 10% of the issued and outstanding Common Shares at the date of grant. This Stock Option Plan is a Rolling Plan and is required to be approved each year by the Shareholders. The Stock Option Plan was 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 Stock Option Plan and it is their responsibility to ensure that the provisions of the Stock Option Plan are adhered to. Under the Stock 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 Stock Option Plan expire on a date not later than ten years after the issuance of such option. As at December 31, 2023, there were 17,870,000 Stock Options outstanding and vested under the Stock Option Plan to purchase Common Shares, representing approximately 7.1% of the issued and outstanding Common Shares.

EMI Plan

The Corporation's enterprise management incentive plan (the "**EMI Plan**") was last approved by Shareholders at the Corporation's annual meeting held on October 25, 2023. The EMI Plan is a Rolling Plan and is required to be approved each year by the Shareholders.

The EMI Plan has the following material terms:

Eligible Participants

Participation in the EMI Plan is restricted to employees of the Corporation and its subsidiaries who: (i) are required to spend on average at least the statutorily required minimum time on the business of the Corporation or its group companies, (ii) do not, together with Associates (as defined in the EMI Plan), have a Material Interest (defined to be 30% or more of the issued and outstanding Common Shares), and (iii) do not have Associates who have a Material Interest (each, an "**EMI Eligible Person**").

Transferability

Options granted under the EMI Plan (each, an "**EMI Option**") are not transferable or assignable other than by operation of law on death.

Grant of EMI Options

The EMI Plan permits the Corporation to an EMI Option to an EMI Eligible Person and to determine the vesting schedule applicable to such EMI Options.

Following vesting, an EMI Option Holder will be entitled to exercise its EMI Options to purchase Common Shares at the exercise price included in the option agreement entered into by the EMI Eligible Person and the Corporation on the date on which the EMI Option is granted.

Exercise Price of EMI Options

The Board determines the purchase price for Common Shares under the EMI Options 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.

EMI Option Limits

No EMI Options may be granted which would cause the total Market Value (as such term is defined in the EMI Plan) of the Common Shares that can be acquired on exercise of all EMI Options at the relevant grant dates to exceed £3 million.

If and for so long as the Common Shares are listed on the TSXV, the number of Common Shares which may be issuable under the EMI Plan, together with any other Share Compensation Arrangement, shall be limited to 10 percent (10%) of the issued and outstanding common shares of the Corporation. In addition, if and for so long as the Common Shares are listed on the TSXV, the number of Common Shares which may be issuable under the EMI Plan, together with any other Share Compensation Arrangement, within any one-year period: (i) to any EMI Eligible Person, will not exceed 5% of the total issued and outstanding Common Shares, (ii) to any Insiders as a group, will not exceed 10% of the total number of issued and outstanding Common Shares on the grant date on a non-diluted basis; and (iii) to any EMI Eligible Person conducting investor relations activities, will not exceed 2% of issued and outstanding Common Shares. Any EMI Options issued to EMI Eligible Persons performing investor relations activities must vest in stages over no less than 12 months with no more than 1/4 of the EMI Options vesting in any three month period.

In addition, no EMI Option will be granted to an EMI Eligible Person which would cause the total Market Value at the relevant grant dates of the Common Shares that an EMI Eligible Person may acquire on exercise of the EMI Options to exceed £249,999.

Termination of Employment

An EMI Option Holder who gives or receives notice of termination of employment (whether or not lawful) and an EMI Option Holder who ceases to be an Employee (whether or not following notice) may not exercise an EMI Option at any time while the notice remains effective or after ceasing to be an Employee, except that where the EMI Option Holder ceases to be an employee as a result of death, disability, retirement, resignation, dismissal without Cause (as defined in the EMI Plan) or such other circumstances as may be approved by the Board, the EMI Option will be exercisable for a specified period of time thereafter. In all of these cases, EMI Options will be exercisable only to the extent that they have vested on the termination date except that where an EMI Option Holder is dismissed without Cause (as defined in the EMI Plan), its unvested EMI Options will become exercisable in full.

Change of Control

If an offer to purchase all of the Common Shares is made by a third party, the Corporation will be required to use its best efforts to bring such offer to the attention of EMI Option Holders as soon as practicable and the Corporation may, at its option, require the acceleration of the time for the exercise of EMI Options and for the fulfilment of any conditions or restrictions on such exercise.

As of December 31, 2023, there are 1,680,000 EMI Options outstanding under the EMI Plan to purchase Common Shares representing approximately 0.7% of the issued and outstanding Common Shares.

Restricted Share Unit Plan

The Corporation's Restricted Share Unit Plan (the "**RSU Plan**") was last approved by Shareholders at the Corporation's last annual meeting held on October 25, 2023.

The RSU Plan has the following material terms:

Eligible Participants

Participation in the RSU Plan is restricted to employees of the Corporation and its subsidiaries (an "**RSU Eligible Person**").

Transferability

RSUs are not transferable or assignable other than by will or the laws of descent and distribution.

Grant of RSUs

The RSU Plan permits the Remuneration Committee of the Board, or if there is no such committee, the Board, to grant awards of RSUs to an RSU Eligible Person and to determine the RSU Redemption Date applicable to such RSUs. In addition, the Committee may, at its sole discretion, at the time of the grant of RSUs, make such RSUs subject to performance conditions to be achieved by the Corporation to entitle the holder thereof to receive the Common Shares.

Following vesting, the RSUs will be redeemed on or about (but not later than 30 days following) each applicable RSU Redemption Date (as defined in the RSU Plan) (the “**RSU Redemption Date**”), and the Eligible RSU Person will be entitled to receive and the Corporation will issue to such Eligible RSU Person, as applicable: (i) the number of Common Shares equal to the numbers of RSUs vested on the RSU Redemption Date. The RSU Redemption Date in respect of any RSU is the date provided for in the agreement granting the RSUs or if no date is set, the tenth (10th) anniversary of the grant date, unless otherwise provided for in the RSU Plan. The Remuneration Committee has the discretion to stipulate the length of time for vesting and to determine various performance objectives based on certain business criteria as a pre-condition to an RSU vesting.

Payment of Dividend Equivalents

When dividends are paid on Common Shares, an RSU Eligible Person shall be credited with dividend equivalents in respect of the RSUs credited to such RSU Eligible Person’s Account as of the record date for payment of dividends provided however that the Corporation shall be entitled to make a payment in cash in lieu of issuing Common Shares if the number of Common Shares available for issuance under this Plan have been exhausted. Such dividend equivalents shall be converted into additional RSUs (including fractional RSUs) based on the fair market value per Common Share on the date credited and redeemed on the date of redemption, of the RSUs with respect to which the dividend equivalent was granted.

Maximum Number of Common Shares Issued

The number of Common Shares which may be reserved for issuance under the RSU Plan for the redemption of RSUs, provided that all RSUs granted shall be deemed to be redeemed into Common Shares for the purpose of this calculation will not exceed 15,000,000 Common Shares, which represents not more than 10% of the number of issued and outstanding Common Shares on the date of initial adoption of the RSU Plan. No RSUs may be issued under the RSU Plan if such issuance, when aggregated with the number of Common Shares which may be issuable under all other share compensation arrangements of the Corporation, would exceed 10% of the number of issued and outstanding Common Shares at the time of grant, subject to customary adjustments in accordance with the RSU Plan and, if required by the TSXV Policies or any other stock exchange on which the Common Shares may then be listed, and by the shareholders of the Corporation.

If and for so long as the Common Shares are listed on the TSXV, the number of Common Shares which may be issuable under the RSU Plan for the redemption of RSUs granted under such plan, and any other share compensation arrangement, within any one-year period: (i) to any RSU Eligible Person, will not exceed 5% of the total issued and outstanding Common Shares on the grant date on a non-diluted basis, (ii) to any Insiders as a group, will not exceed 10% of the total number of issued and outstanding Common Shares at any point in time, provided that, in determining the number of Common Shares issuable, all RSUs granted shall be deemed to be redeemed into Common Shares.

If and for so long as the Common Shares are listed on the TSXV, no RSUs will be granted under the RSU Plan to any RSU Eligible Person whose role and duties primarily consist of Investor Relations Activities, as defined under the TSXV Policies.

Termination of Employment

If, prior to an RSU Redemption Date, an RSU Eligible Person terminates its employment in accordance with its employment agreement with the Corporation or a subsidiary, or where the Corporation or a subsidiary terminates the employment of RSU Eligible Person, provided no circumstances amounting to Cause (as defined in the RSU Plan) exist, the RSU Redemption Date will be deemed to be the date on which the termination of such employment takes effect and all RSUs granted to such RSU Eligible Person and outstanding under the RSU Plan will, on such termination date, immediately vest and be redeemed in accordance with the terms of the RSU Plan.

If, prior to an RSU Redemption Date, the employment of an RSU Eligible Person is terminated by the Corporation or a subsidiary or by an RSU Eligible Person where Cause exists or if an RSU Eligible Person voluntarily terminates its employment other than in accordance with its employment agreement, all of the RSU Eligible Person’s RSUs will be cancelled and no amount will be paid by the Corporation to such RSU Eligible Person in respect of the RSUs so cancelled.

Change of Control

In the event of a change of control of the Corporation, all RSUs granted to RSU Eligible Persons and outstanding under the RSU Plan will immediately vest and will be redeemed.

As of December 31, 2023, there are 4,575,000 RSUs outstanding under the RSU Plan to purchase Common Shares representing approximately 1.8% of the issued and outstanding Common Shares.

Employment and Services Agreement

On October 1, 2021, William Dawes and Alexander Lemon each entered into an employment agreement with Mkango Rare Earths UK Limited (the “**Employment Agreements**”), a wholly-owned subsidiary of the Corporation incorporated in the UK. Furthermore, on June 26, 2022, Robert Sewell was appointed as Chief Financial Officer of the group. On March 16, 2023, Mkango Rare Earths UK Limited was transferred to become a subsidiary of Maginito

as it was focused on long loop rare earth magnet recycling in the UK via a chemical route. On the same date the Employment Agreements with William Dawes, Alexander Lemon and Robert Sewell were transferred from Mkango Rare Earths UK Limited to newly formed UK subsidiary, Mkango ServiceCo Limited.

Material Terms of Employment Agreements

The Named Executive Officers and non-executive directors' compensation is agreed by the Board.

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" and other than pursuant to the Employment Agreements with William Dawes and Alexander Lemon which provide that:

- a) upon termination without cause, the employee will be entitled to an amount equal to 1.5 times the employee's annual salary; and
- b) upon a Change of Control (as defined below), the consultant will be entitled to an amount equal to 1.5 times the employee's annual salary.

The payments above upon termination without cause and Change of Control are in addition to the employee's entitlements under the Option Plan, the EMI Plan and the RSU Plan, as described above.

Under the respective Employment 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);
- d) a person, or persons acting jointly or in concert, as a result of any powers conferred by the articles of association or any other document or law/stock exchange regulation regulating the Corporation can direct that the affairs of the Corporation are conducted in accordance with their wishes; or
- d) any similar transaction or combination of the foregoing which would have substantially the same effect as any of the foregoing.

Oversight and description of Director and NEO compensation

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 (as defined above) 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 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.

Elements of Compensation Program

As discussed in further detail below, the Corporation's compensation program is comprised of two main elements:

- (1) base salaries;
- (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 NEO as a base salary is determined primarily by past performance, anticipated future contribution and internal value of the NEOs.

Stock Options, EMI Options and Restricted Share Units

The Stock Option Plan, the EMI Plan and the RSU Plan are intended to align NEOs' long-term incentives with the interests of Shareholders. Under the Stock Option Plan and EMI 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 Stock Option Plan, the EMI Plan and the RSU Plan are determined by an assessment by the Board (who will receive recommendations from the Remuneration Committee) of an 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.

Pension Plan

The Corporation has no pension plans (whether defined contribution or defined benefit) that provide for payments or benefits to any director or NEO at, following, or in connection with retirement.