MKANGO RESOURCES LTD.
259 Windermere Road S.W.
Calgary, AB T3C 3L2

MANAGEMENT PROXY CIRCULAR

Dated October 16, 2015

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 and special meeting of the Shareholders (the "**Meeting**") to be held at the Studio One meeting room at the Sandman Inn Calgary West, 125 Bowridge Drive NW, Calgary Alberta T3B 3R6 at the hour of 9:00 a.m. (Calgary time) on November 19, 2015 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

The enclosed form of proxy (the "**Proxy Form**") is solicited by the management of the Corporation. 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.

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 (1-800-564-6253 Canada and USA or 1-514-982-7555 Outside North America) or by internet using the 15 digit control number located at the bottom of your proxy at www.investorvote.com. All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case not less than 48 hours (excluding Saturdays and holidays) prior to the commencement of any adjournment thereof.

The website may be used to appoint a proxy holder 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 proxy holder 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 other manner permitted by law, a registered Shareholder who has given a proxy may revoke it by:

(a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered Shareholder or the registered Shareholder's authorized attorney in writing, or, if the registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare, at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or

(b) personally attending the Meeting and voting the registered Shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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, 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 (1-800-564-6253 Canada and USA or 1-514-982-7555 Outside North America) or by internet using the 15 digit control number located at the bottom of you proxy at www.investorvote.com.

The Proxy Form, voting instructions or internet appointment of a proxy holder 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 Depositary 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 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 October 15, 2015, 104,976,956 Common Shares were issued and outstanding. The Board has fixed October 15, 2015 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 10 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
Leo Mining and Exploration Limited (“**Leominex**”)	Registered holder	24,138,614	23%
Resource Early Stage Opportunities Company Ltd. (“**RESOC**”)	Registered holder	11,710,000	11%

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 of the Corporation’s stock option plan as required by the policies of the TSX Venture Exchange (“**TSXV**”) and ratifying the amendments to the by-laws of the Corporation (the”**By-laws**”). The special resolution approving the Consolidation (as defined below) requires that 66 2/3% of the votes cast at the Meeting by the Shareholders be cast in favour of such resolution. 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 by-laws, 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 by-laws and the *Business Corporations Act* (Alberta) (“**ABCA**”), 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.

SUMMARY OF MATTERS TO BE ACTED UPON

Financial Statements

The Corporation’s annual report and audited financial statements for the year ended December 31, 2014 (the “**Financial Statements**”) have been forwarded to Shareholders together with this Information Circular. No formal action will be taken at the Meeting to approve the Financial Statements, with the requirements of the ABCA having been met with the advance circulation of such Financial Statements. If Shareholders have questions respecting the Financial Statements, the questions will be addressed during the “**Other Business**” portion of the Meeting. The Financial Statements are also available on the SEDAR website at www.sedar.com.

Business of the Meeting

The Shareholders will be asked at the Meeting to consider and, if deemed appropriate:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2014, including the auditors' reports thereon;

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 consider and, if deemed advisable, to pass an ordinary resolution, approving the stock option plan of the Corporation;

5. to consider and, if deemed advisable, to pass a special resolution approving an amendment to the Corporation's articles to consolidate all of the issued and outstanding Common Shares on the basis of one (1) post-consolidation Common Share for every ten (10) pre-consolidation Common Shares then issued and outstanding, or such lesser number of pre-consolidation Common Shares as may be determined by the Board and accepted by the TSXV (the "**Consolidation**");

6. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to confirm, ratify and approve certain amendments to the By-laws that were previously approved by the Board in order to comply with the AIM Rules for Companies (as published by the London Stock Exchange PLC and amended from time to time); and

7. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

PARTICULARS OF THE MATTERS TO BE ACTED ON AT THE MEETING

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, David Berg, Eugene Chen and Adrian Reynolds to hold office subject to the articles and by-laws of the Corporation, as directors of the Corporation.

The foregoing persons are the nominees of the 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 ABCA or the office is vacated pursuant to the by-laws 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 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 ("**Options**") and common share purchase warrants ("**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	Options or Warrants Beneficially Owned Directly or Indirectly or Controlled or Directed
David Berg[1a] Calgary, Alberta, Canada Director November 13, 2007	Mr. Berg is currently the President of KPI Business Management, a private consulting corporation based in Calgary, Alberta specializing in the provision of management services, development of business models and structuring, financing and managing of public and private projects.	340,000	475,000 Options
Eugene Chen[1a] Calgary, Alberta, Canada Director November 13, 2007	Mr. Chen has been a lawyer practicing corporate finance and securities law with McMillan LLP since February 2014. From September 2013 to February 2014, he practiced corporate finance and securities law with Heenan Blaikie LLP and with two other international law firms from July 2005 to September 2013.	160,000	325,000 Options
William Dawes London, United Kingdom, Chief Executive Officer and Director December 20, 2010	Mr. Dawes is the Chief Executive Officer of the Corporation. He has been an executive director of Leo Mining & Exploration Limited since November 2017 and of Lancaster Exploration Limited ("Lancaster") since February 2008.	24,138,614[2] 525,715[3]	2,015,000 Options
Alexander Lemon London, United Kingdom, President and Director December 20, 2010	Mr. Lemon is the President of the Corporation. He has been an executive director of Leo Mining & Exploration Limited since November 2007 and of Lancaster since 2007.	24,138,614[2]	2,015,000 Options
Adrian Reynolds[1a] Cape Town, South Africa, Director June 29, 2011	Mr Reynolds is currently an independent consultant and Chairman of Digby Wells Environmental. He served as General Manager at Randgold Resources Limited, from 1997 to 2009, where he was also a director of Morila Ltd and Société des Mines de Loulo S.A. He is currently a non-executive director of Aureus Mining Inc and Geodrill Ltd.	192,914	475,000 Options
Derek Linfield[1b] London, United Kingdom, Chairman January 31, 2014	Mr. Linfield was a managing partner of the law firm Stikeman Elliott (London) LLP, which is the UK office of the Canadian law firm Stikeman Elliott LLP, where he worked from 2003 until his retirement in 2015.	3,672,956	475,000 Options 2,555,728 Warrants

(1) a. Members of the Audit Committee.
b. Chairman of the Board.
(2) These Common Shares are held through Leo Mining and Exploration Limited, a company which William Dawes and Alexander Lemon each own 17.3% of the issued and outstanding shares.
(3) These Common Shares are held through The JP Morgan 1998 Employee Trust, of which William Dawes is a beneficiary.

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 company 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 company 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.

A director of the Corporation, Eugene Chen was a director of Poynt Corporation ("Poynt"), a publicly traded technology company involved in the mobile local advertising space. On July 5, 2012, Poynt announced it had filed a Notice of Intention to file a Proposal under the Bankruptcy and Insolvency Act (Canada) ("BIA"). On October 31, 2012, the Court of Queen's Bench of Alberta terminated the stay of proceedings against Poynt upon application by Hardie & Kelly, the trustee appointed under the BIA and Poynt was deemed to have made an assignment into bankruptcy. Mr. Chen resigned as a director of Poynt on October 31, 2012.

Other than set out in the previous paragraph, no 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.

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 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. Meyers Norris Penny 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 Meyers Norris Penny 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 Stock Option Plan of the Corporation

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 "rolling plans" (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), 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 September 8, 2014.

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 6,310,000 Common Shares have been issued and outstanding representing approximately 6.0% of the issued and outstanding Common Shares. 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 October 16, 2015, 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;

3. the number of Common Shares issuable under the stock option plan be set at 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 6,310,000 options currently outstanding under the Option Plan, without amendment to their terms except as required to comply with the 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 approve the Option Plan in substantially the form as attached as Appendix "A" to this Information Circular**.

Approval of Consolidation of Common Shares

As at the date hereof there are 104,976,956 Common Shares issued and outstanding. Since the Common Shares are currently trading on the TSXV at less than $0.05, the Corporation can only raise additional finance if a waiver from the TSXV's rule that no shares can be issued at less than $0.05. Management of the Corporation is of the view that the Consolidation will offer the Corporation the best opportunity to attract equity financing in order for the Corporation to meet its working capital requirements and develop its projects.

Management believes that it would be in the best interests of the Shareholders that the Board be given the authority to amend the articles of the Corporation (the "**Articles**") to provide for a consolidation of the Common Shares, on the proposed basis of one (1) post-consolidation Common Share for every ten (10) pre-consolidation Common Shares, or such lesser number of pre-consolidation Common Shares as may be determined by the Board or accepted by the TSXV. Furthermore, each stock option, warrant or other security of the Corporation convertible into pre-consolidation Common Shares (the "**Convertible Securities**") that has not been exercised or cancelled prior to the effective date of the implementation of the Consolidation will be adjusted pursuant to the terms thereof on the same exchange ratio described above and each holder of pre-consolidation Convertible Securities will become entitled to receive post-consolidation Common Shares pursuant to such adjusted terms. At the date of this Information Circular, the Corporation had the following Convertible Securities outstanding:

(i) 6,310,000 stock options under the Corporation's stock option plan of which 4,910,000 are vested, entitling the holders thereof to acquire 6,310,000 Common Shares; and (ii) warrants entitling the holders thereof to acquire 41,679,905 Common Shares. The number of issued and outstanding Common Shares after completion of the Consolidation on a basis of ten (10) pre-consolidation Common Shares for one (1) post-consolidation Common Share, based on the issued and outstanding Common Shares as at the date hereof, will be reduced from 104,976,956 Common Shares to approximately 10,497,957 Common Shares, and the number of Common Shares issuable under currently outstanding Convertible Securities will be reduced from 47,989,905 Common Shares to approximately 4,798,991 Common Shares. The Board will consider the appropriate consolidation ratio at the time of any future financing and decide at that time the appropriate consolidation ratio.

At the Meeting, holders of Common Shares will be asked to consider and, if thought fit, pass with or without variation, a special resolution authorizing the Board, in its sole discretion, if and when it deems it appropriate, but no later than the third business day prior to the record date for the next annual general meeting of Shareholders, or such earlier date as may be mandated by the TSXV, to amend the Articles to provide for the Consolidation. **If the Board does not implement the Consolidation prior to the third business day prior to the record date for the next annual general meeting of Shareholders, or such earlier date as may be required by the TSXV, the authority granted by the special resolution to implement the Consolidation on these terms will lapse and be of no further force or effect.**

Procedure

Enclosed with this Information Circular is a letter of transmittal (the "Letter of Transmittal"), which contains instructions on how to obtain new certificates representing post-consolidation Common Shares. The Letter of Transmittal contains procedural information relating to the Consolidation and should be reviewed carefully.

Also enclosed with this Information Circular is a letter (the “DRS Letter”) outlining a Direct Registration System (“DRS”), which the Company is making available through its registrar Computershare. Please read that letter carefully and decide if you would wish to avail of the service offered at no cost to you. Under DRS you will not receive physical share certificates but rather a DRS Advice (as explained in the DRS Letter) from Computershare as to your share holding in the Company.

To receive a DRS Advice indicating the number of post-consolidation Common Shares to which a Shareholder is entitled pursuant to the Consolidation, the enclosed Letter of Transmittal must be validly completed, duly executed and returned with the Shareholder's certificate(s) representing pre-consolidation Common Shares, and any other documentation as provided in the Letter of Transmittal, to the offices of the Corporation's transfer agent, Computershare, as specified in the Letter of Transmittal. Should you wish instead a new share certificate representing those Common Shares, please indicate in the box provided on the Letter of Transmittal. In the event that the Consolidation is not completed, a DRS Advice will be sent to indicating the number of Common Shares set out in such certificate; if you indicate that you wish a share certificate and not a DRS Advice, the share certificates will be promptly returned. Upon surrender to Computershare of a validly completed and duly executed Letter of Transmittal, the certificate(s) representing pre-consolidation Common Shares and any other documentation as provided in the Letter of Transmittal, Computershare shall deliver to such holder a DRS Advice or new Common Share certificate(s) representing the number of post-consolidation Common Shares to which the holder is entitled pursuant to the Consolidation.

The use of the regular mail to transmit certificates representing the pre-consolidation Common Shares and the Letter of Transmittal is at each Shareholder's risk. The Corporation recommends that such certificates and documents be delivered by hand to Computershare and a receipt therefor be obtained or that registered mail be used.

No DRS Advice or certificate representing post-consolidation Common Shares will be sent to a Shareholder until the Shareholder has surrendered its Common Share certificate(s) representing pre-consolidation Common Shares. Beneficial Shareholders should follow the instructions received from their broker (or an agent of the broker) that holds the Common Shares on their behalf in order to submit their Common Shares.

Until surrendered, each certificate formerly representing Common Shares will be deemed for all purposes to represent the number of Common Shares to which the holder thereof is entitled as a result of the Consolidation.

Fractional Shares

No fractional shares will be issued as a result of the Consolidation. Any fractional post-consolidation Common Shares to which a holder of such shares would otherwise be entitled shall be aggregated to form whole Common Shares with any remaining fractional post-consolidation Common Shares rounded to the nearest whole number of a Common Share (with a fractional entitlement of 0.5 being rounded up), provided that no Shareholder shall be entitled to more than one such rounding up.

Other Considerations

The Consolidation will not materially affect the percentage ownership in the Corporation by the holders of Common Shares even though such ownership will be represented by a smaller number of Common Shares. The Consolidation will proportionately reduce the number of Common Shares held by all the Shareholders.

There can be no assurance that the market price of the post-consolidated Common Shares will increase as a result of the Consolidation. The marketability and trading liquidity of the post-consolidated Common Shares of the Corporation may not improve. The Consolidation may result in some Shareholders owning "odd lots" of Common Shares, which may be more difficult for such shareholders to sell or which may require greater transaction costs per share to sell.

Recommendation of the Board

The Board unanimously recommends that the Shareholders approve the amendment to the Articles to provide for the Consolidation.

Approval Required

The Consolidation is subject to approval by the TSXV and Shareholders. The amendment of the articles, which will provide for the consolidation of the common shares, must be approved by the Shareholders by special resolution under the ABCA. Approval of the special resolution requires the affirmative vote of not less than two-thirds (2/3) of the votes cast at the Meeting.

At the Meeting, the following special resolution, with or without variation, will be placed before the Shareholders, for approval:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the amendment of the articles of the Corporation to provide for the consolidation of the common shares (the "**Common Shares**") of the Corporation on the basis of one (1) post-consolidation Common Share for every 10 pre-consolidation Common Shares then issued and outstanding, or such lesser number of pre-consolidation. Common Shares as may be determined by the board of directors of the Corporation (the "**Board**") and accepted by the TSX Venture Exchange (the **TSXV**"), is hereby authorized and approved (the "**Consolidation**"), provided that no fractional Common Shares will be issued in connection with the Consolidation and, in the event that a holder of Common Shares would otherwise be entitled to a fractional Common Share upon completion of the Consolidation, such fraction will be rounded to the nearest whole number of a Common Share;

2. from and after the effective date of the Consolidation, all outstanding share certificates will thereafter only represent the number of Common Shares to which the holder is entitled after giving effect to the Consolidation;

3. any officer or director of the Corporation is hereby authorized to file articles of amendment of the Corporation in respect of the Consolidation with the Registrar under the *Business Corporations Act* (Alberta), no later than the third business day prior to the record date of the next annual general meeting of the shareholders of the Corporation, or such earlier date as may be required by the TSXV, and any one officer or director is hereby authorized to prepare, execute and file articles of amendment in order to give effect to this special resolution, and to execute and deliver all such other deeds, documents and other writings and perform such other acts as may be necessary or desirable to give effect to this special resolution;

4. notwithstanding that this special resolution has been duly passed by the holders of the Common Shares, the Board is hereby authorized to abandon or revoke the proposed amendment to the articles of the Corporation in respect of the Consolidation as contemplated by this special resolution without further approval of, or notice to, the holders of the Common Shares, should the Board consider it appropriate to do so, in its discretion, at any time prior to the issuance of the certificate of amendment to the articles of the Corporation as contemplated herein; and

5. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

Unless otherwise directed, it is the intention of the management designees named in the accompanying Form of Proxy to vote such proxies FOR the special resolution authorizing and approving the amendment to the Articles to provide for the Consolidation.

<u>Amendment to By-laws re AIM Listing matters</u>

As previously announced, the Corporation intends that its Common Shares be admitted to trading on the AIM Market of the London Stock Exchange ("**AIM**"). In order to comply with the AIM Rules for Companies (as published by the London Stock Exchange PLC and amended from time to time) (the "**AIM Rules**"), the Board approved certain amendments to the By-Laws.`

Under the AIM Rules, a "significant shareholder" means any person with a holding (as defined in the AIM Rules) of three percent (3%) or more of a corporation's issued share capital. Under Rule 17 of the AIM Rules an AIM listed company must issue notification without delay of any change to the holding of a significant shareholder which increases or decreases such holding through any single percentage point. As a corporation incorporated under the ABCA, the Corporation is not subject to the Disclosure Rules and the Transparency Rules of the United Kingdom Financial Services Authority and, consequently, Shareholders are not (prior to giving effect to the By-law Amendments described below) subject to any U.K. requirements to disclose to the Corporation the level of their interests between three percent and ten percent.

In addition, Rule 41 of the AIM Rules dictates that, should the Corporation wish to cancel the admission of its Common Shares to trading on AIM, it is required to obtain the consent of not less than seventy-five percent (75%) of votes cast by Shareholders at a duly called meeting thereof (unless the London Stock Exchange otherwise agrees in certain circumstances).

Accordingly, prior to the AIM admission the Board approved certain amendments to the By-laws (to become effective on the admission of the Common Shares to trading on AIM) in order to comply with AIM Rules such that: (i) all Shareholders with interests in three percent (3%) or more of the Common Shares are required to notify the Corporation of their holdings and of any subsequent relevant changes to their holdings (being each one percent (1%) increment increase or decrease while the shareholder's holdings are above the three percent (3%) threshold); and (ii) cancellation of the admission to trading of the Common Shares on AIM shall be conditional upon the consent of not less than 75% of votes cast by its shareholders at a duly called meeting thereof.

The specific wording of the resolutions of the Board relating to the foregoing amendments is as follows: "The Corporations By-laws are hereby amended, such amendment to be effective on the date that the shares of the Corporation are admitted for trading to the AIM market of the London Stock Exchange as follows:

1. Subject to the *Business Corporations Act* (Alberta), for so long as the shares of the Corporation are listed for trading on the AIM market of the London Stock Exchange ("**AIM**") or until such time as it shall no longer be a requirement under the AIM Rules for Companies published by the London Stock Exchange from time to time (or any successor rule) (the "**AIM Rules**"), all shareholders interested in three percent (3%) or more of the Corporation's shares shall notify the Corporation of their holdings (as such term is defined in the AIM Rules) of shares (including all legal and beneficial interests, direct or indirect, of such shareholder, including all positions in "financial instruments" (as such term is defined in the AIM Rules) and of any subsequent relevant changes to their holdings (being each one percent (1%) increment increase or decrease whilst the shareholder's holdings (as defined above) are above the three percent (3%) threshold) so that these disclosures can be properly notified to the AIM market.

2. Subject to the *Business Corporations Act* (Alberta), for so long as the shares of the Corporation are listed for trading on AIM or until such time as it shall no longer be a requirement under the AIM Rules, cancellation of the admission to trading of the Corporation's shares on AIM shall be conditional upon the consent of not less than seventy-five percent (75%) of votes cast by the shareholders at a duly called meeting thereof (save where the London Stock Exchange agrees that such shareholder consent is not required) and the Corporation will observe the notification, timing and other requirements of Rule 41 of the AIM Rules in connection with any such proposed cancellation.

The foregoing amendments to the By-laws are hereinafter collectively referred to as the "By-law Amendments". The By-law Amendments will be, upon the admission of the Common Shares to trading on AIM, incorporated into the By-laws and a copy of the Amended and Restated By-laws, which will be effective as of such date, is included at Appendix "C" of this Information Circular (hereinafter, the "**Amended and Restated By-laws**").

Pursuant to the ABCA, a by-law, or an amendment or a repeal of a by-law, is effective from the date of the resolution of the directors under subsection (1) of Section 102 of the ABCA until it is confirmed, confirmed as amended or rejected by the shareholders or until it ceases to be effective under subsection (4) of Section 102 of the ABCA, and, if the by-law is confirmed or confirmed as amended, it continues in effect in the form in which it was so confirmed.

Subsection (4) of Section 102 of the ABCA provides that if a by-law, or an amendment or a repeal of a by-law, is rejected by the shareholders, or if the directors do not submit a by-law, or an amendment or a repeal of a by-law, to the shareholders, the by-law, amendment or repeal ceases to be effective and no subsequent resolution of the directors to make, amend or repeal a by-law having substantially the same purpose or effect is effective until it is confirmed or confirmed as amended by the shareholders.

At the Meeting, the Board will be seeking the approval from the Shareholders for an ordinary resolution confirming and ratifying the By-law Amendments and the Amended and Restated By-laws.

The text of the resolution regarding this matter is as follows:

> **"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**
>
> **WHEREAS** the Board of Directors of the Corporation approved the By-law Amendments to be effective on the date the Common Shares are admitted to trading on the AIM market of the London Stock Exchange, as set forth in the Corporation's Information Circular dated October 16, 2015;
>
> **AND WHEREAS** no other amendment has been made to the By-laws of the Corporation;

> **NOW THEREFORE, BE IT RESOLVED** as an ordinary resolution of the Shareholders of the Corporation that the By-law Amendments be and are hereby confirmed, ratified and approved and that the Amended and Restated By-laws be and are hereby confirmed, ratified and approved and such Amended and Restated By-laws be and are hereby accepted, effective on the date the Common Shares are admitted to trading on the AIM market of the London Stock Exchange, as the By-laws of the Corporation."

As an ordinary resolution, a favourable vote of more than 50% of the Common Shares of the Corporation voted in respect of the foregoing resolution will be required for it to be approved. **Unless instructed otherwise, the management designees in the accompanying instrument of proxy intend to vote FOR the special resolution confirming the By-law Amendments and the Amended and Restated By-laws.**

EXECUTIVE COMPENSATION

<u>Compensation Discussion and Analysis</u>

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

<u>Objectives of Compensation Program</u>

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 our shares and is adequate to ensure that the interests of the directors and NEOs are adequately aligned with those of the Corporation generally.

<u>Elements of Compensation Program</u>

As discussed in further detail below, 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 has attracted highly qualified individuals and motivates these individuals to meet operating targets without sacrificing long-term growth by providing constant income in the form of base salary, as well as long-term incentives which reward performance that creates and preserves shareholder value.

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 officer ("**NEO**") as base salary is determined primarily by the number of years of experience of the NEO, as well as past performance, anticipated future contribution and internal value of the NEO's.

Stock Options

The portion of overall NEO compensation attributable to the Option Plan is outlined in the "Summary Compensation Table". 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 10–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 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.

Summary Compensation Table

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, 2014 in respect of the Corporation's named executive officers, each a "**Named Executive Officer**" or "**NEO**". A Named Executive Officer is defined under Form 51-102F6 – *Statement of Executive Compensation* ("**Form 51-102F6**") to include the following individuals:

a) each chief executive officer ("**CEO**") 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**") of the Corporation or an individual who acted in a similar capacity during the most recently completed financial year;

c) each of the Corporation's three most highly compensated executive officers or the three most highly compensated individuals 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 $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, 2014 are William Dawes, Alexander Lemon and Sandra Beaulieu. 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 Lancaster. Sandra Beaulieu was appointed as CFO on June 29, 2011. No other individuals were considered Named Executive Officers as such term is defined in Form 51-102F6 during the year ended December 31, 2014.

Name and Principal Position	Year	Salary[2] (US$)	Option Based Awards (US$)[4]	Share Based Awards (US$)[3]	Non-Equity Incentive Plan Compensation (US$)[1]		Pension Value (US$)	All Other Compensation (US$)	Total Compensation (US$)
					Annual Incentive Plans	Long Term Incentive Plans			
William Dawes, CEO and Director[5]	2014	168,303[8]	66,004	Nil	Nil	Nil	Nil	Nil	234,307
	2013	158,643[8]	18,507	Nil	Nil	Nil	Nil	Nil	177,150
	2012	144,254[8]	26,220	Nil	Nil	Nil	Nil	Nil	170,474
	2011	128,550[8]	356,860	Nil	Nil	Nil	Nil	Nil	485,410
	2010	4,390[8]	Nil	Nil	Nil	Nil	Nil	Nil	4,390
Alexander Lemon, President and Director[6]	2014	171,341[8]	66,004	Nil	Nil	Nil	Nil	Nil	237,345
	2013	158,643[8]	18,507	Nil	Nil	Nil	Nil	Nil	177,150
	2012	144,254[8]	26,220	Nil	Nil	Nil	Nil	Nil	170,474
	2011	128,550[8]	356,860	Nil	Nil	Nil	Nil	Nil	485,410
	2010	4,390[8]	Nil	Nil	Nil	Nil	Nil	Nil	4,390
Sandra Beaulieu, CFO	2014	45,591[9]	9,000	Nil	Nil	Nil	Nil	Nil	54,591
	2013	68,090[9]	4,206	Nil	Nil	Nil	Nil	Nil	72,296
	2012	61,520[9]	5,424	Nil	Nil	Nil	Nil	Nil	66,944
	2011	63,523[9]	7,453	Nil	Nil	Nil	Nil	Nil	70,976
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) "Non-equity Incentive Plan Compensation" includes all compensation under an incentive plan or portion of an incentive plan that is not an equity incentive plan.
(2) The value of perquisites including property or other personal benefits provided to an Named Executive Officer that are generally available to all employees, and that in the aggregate are worth less than $50,000, or are worth less than 10% of an Named Executive Officer's total salary for the financial year are not reported herein.
(3) "Share-based Awards" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.
(4) "Option-based Awards" Please see the note of the Corporation's audited financial statements for the financial year ended December 31, 2013 for a description of the assumptions used to calculate the fair value (see "**Additional Information**").
(5) Mr. Dawes became a Named Executive Officer of the Corporation on December 20, 2010. The values for 2010 reflect compensation from December 20, 2010 through December 31, 2010.
(6) Mr. Lemon became a Named Executive Officer of the Corporation on December 20, 2010. The values for 2010 reflect compensation from December 20, 2010 through December 31, 2010.
(7) Sandra Beaulieu became a Named Executive Officer of the Corporation on June 29, 2011. The values for 2011 reflect compensation from June 29, 2011 through December 31, 2011.
(8) These amounts were paid in British pounds ("**£**") and are stated in the table above in United States dollars. The amounts in United States dollars were arrived at using the relevant annual weighted average exchange rate
(9) These amounts were paid in Canadian dollars and are stated in the table above in United States dollars. The amounts in United States dollars were arrived at using the relevant annual weighted average exchange rate.

Incentive Plan Awards

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 an 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 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 10 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 him 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.

During the financial year ended December 31, 2014, the Corporation granted 2,400,000 Options to its directors and NEOs. For details about these option grants, please see the table below entitled "Outstanding Share-Based Awards and Option-Based Awards".

There was no re-pricing of Options under the Option Plan or otherwise during the Corporation's financial year ended December 31, 2014.

Outstanding Share-based Awards and Option-based Awards

The table below shows the issued and outstanding Options of the Corporation to its NEOs as of December 31, 2014.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised Options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money Options (US$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)
William Dawes	1,000,000	0.50	21-Feb-21	Nil	Nil	Nil
	440,000	0.20	25-Sep-23	Nil	Nil	Nil
	575,000	0.125	24-May-24	Nil	Nil	Nil
Alexander Lemon	1,000,000	0.50	21-Feb-21	Nil	Nil	Nil
	440,000	0.20	25-Sep-23	Nil	Nil	Nil
	575,000	0.125	24-May-24	Nil	Nil	Nil
Sandra Beaulieu	30,000	0.55	29-Jun-21	Nil	Nil	Nil
	100,000	0.20	25-Sep-23	Nil	Nil	Nil

Value Vested or Earned During the Year

The following table sets out details of the value vested or earned by each NEO during the financial year ended December 31, 2014 for each incentive plan award:

Name	Option-based awards - Value vested during the year ($)(1)	Share-based awards - Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
(a)	(b)	(c)	(d)
William Dawes	Nil	Nil	Nil
Alexander Lemon	Nil	Nil	Nil
Sandra Beaulieu	Nil	Nil	Nil

(1) The amount is based on the difference between the market price of the underlying security on the date it vested during 2014 and the exercise price of the option times the number of Options that vested.

Other Compensation

Other than as set forth herein, the Corporation did not pay any other compensation to Named Executive Officers of the directors 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's 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's 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’ 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.

COMPENSATION OF DIRECTORS

Director Compensation Table - Non-Executive Directors

The following table sets forth the details of compensation provided to the directors, other than the NEOs, during the year ended December 31, 2014:

Name	Fees earned (US$)	Share-based awards (US$)	Option-based awards (US$)	Non-equity incentive plan compensation (US$)	Pension value (US$)	All other compensation (US$)	Total (US$)
Derek Linfield	Nil	Nil	28,850	Nil	Nil	Nil	28,850
Eugene Chen	Nil	Nil	13,666	Nil	Nil	Nil	13,666
David Berg	Nil	Nil	22,777	Nil	Nil	Nil	22,777
Adrian Reynolds	Nil	Nil	22,777	Nil	Nil	Nil	22,777

Outstanding Share-Based Awards and Option-Based Awards – Non-Executive Directors

The following chart illustrates the outstanding share-based awards and option-based awards granted to non-executive directors as at December 31, 2014, including any awards granted in previous financial years.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised Options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money Options (US$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (US$)
Eugene Chen	100,000	0.2	25-Sep-23	Nil	Nil	Nil
	225,000	0.125	30-May-24	Nil	Nil	Nil
David Berg	100,000	0.2	25-Sep-23	Nil	Nil	Nil
	375,000	0.125	30-May-24	Nil	Nil	Nil
Adrian Reynolds	100,000	0.2	25-Sep-23	Nil	Nil	Nil
	375,000	0.125	30-May-24	Nil	Nil	Nil
Derek Linfield	475,000	0.125	30-May-24	Nil	Nil	Nil

Value Vested or Earned During the Year – Non-Executive Directors

The following table sets out value vested or earned by each non-executive director during the year ended December 31, 2014 under each incentive plan.

Name	Option-based awards - Value vested during the year (US$)(1)	Share-based awards - Value vested during the year (US$)	Non-equity incentive plan compensation – Value earned during the year (US$)
Eugene Chen	Nil	Nil	Nil
David Berg	Nil	Nil	Nil
Derek Linfield	Nil	Nil	Nil
Adrian Reynolds	Nil	Nil	Nil

(1) The amount is based on the difference between the market price of the underlying security on the date it vested during 2013 and the exercise price of the option times the number of Options that vested.

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, 2014:

	Number of securities to be issued upon exercise of outstanding Options, warrants and rights	Weighted-average exercise price of outstanding Options, warrants and rights (CDN$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	6,910,000	0.26	419,695
Equity compensation plans not approved by security holders	Nil	N/A	Nil
Total	6,910,000	0.26	419,695

The Option Plan provides for the issuance of Options to acquire up to that number of Common Shares that is equal to 10% of the issued and outstanding Common Shares. This type of plan is called a “rolling” 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. 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 6,310,000 Options outstanding and vested to purchase Common Shares representing approximately 6.0% of the issued and outstanding Common Shares at the date hereof.

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 CONTRACT

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 56 Administration Drive, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. In addition to being directors of the Corporation, William Dawes and Alexander Lemon are also directors and insiders, as that term is defined in applicable securities laws, 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.

In connection with the Services, Leominex has from time to time advanced to Lancaster certain loans as evidenced by way of a promissory note dated June 30, 2010 in the amount of US$138,269 (the "**Promissory Note**"). The loans evidenced by the Promissory Note bear interest at the LIBOR rate for a 12 month deposit in United States dollars on the last business day of the previous month plus 2%. The first interest payment under the Promissory Note became due on January 1, 2011. The loans made under the Promissory Note are repayable upon demand. As at December 31, 2014, $7,272 was owed to Leominex under the terms of the Promissory Note.

Pursuant to the terms of the Services Agreement, Leominex has forgiven and irrevocably and unconditionally discharged the debt owed by Lancaster in respect of expenses in the amount of US$195,400 incurred by Leominex on behalf of Lancaster principally in connection with an exploration project in the Democratic Republic of Congo, which has been discontinued.

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, two of whom are considered to be independent for purposes of NI 58-101. The independent members of the Board are David Berg and Eugene Chen. Alexander Lemon is not considered an independent director as he is the President of the Corporation and William Dawes is not considered independent as he is the CEO of the Corporation. Derek Linfield is not considered independent as he was during the year a partner in a law firm that has provided legal services to the Corporation. Adrian Reynolds is not considered independent as he is the chairman of a company providing services to the Corporation. .

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
David Berg	Harvest One Capital Inc. Essex Angel Capital Inc.	TSXV TSXV
Eugene Chen	CapGain Properties Inc. Blacksteel Energy Inc. Firesteel Resources Inc.	TSXV TSXV TSXV
Adrian Reynolds	Aureus Mining Inc. Geodrill Limited	TSX, LSE-AIM TSX

Attendance

The following table sets forth the attendance by directors of formal board meetings held during the year ended December 31, 2014.

Name	Board Meetings Attended (in person or by telephone)
David Berg	All
Eugene Chen	All
Adrian Reynolds	All
Derek Linfield	All since appointment

Position Descriptions

While the Board has not codified written descriptions of the Chairman 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 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.

Management also keeps the Board apprised of new developments in the Corporation's industry and regularly makes presentations on the Corporation's industry generally, and provides reports on the Company's business and affairs.

Ethical Business Conduct

The Board has not adopted a written code for the directors, officers and employees. 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 the ABCA, 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 ABCA, 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

The Board has not appointed a compensation committee. The Board conducts reviews with regard to the compensation of directors and the CEO annually. To make its recommendations on such compensation, the Board takes into account the types of compensation and the amounts paid to directors and officers of comparable companies.

Other Board of Directors Committees

The Corporation has no standing committees at this time, other than the Audit Committee as discussed 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 and its relationship with its independent auditor, as set forth in the following:

Audit Committee Charter

A copy of the charter of the Audit Committee is attached as Appendix "B" 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	**Independent**	**Financially Literate**
David Berg	Yes	Yes
Eugene Chen	Yes	Yes
Adrian Reynolds	No	Yes

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 Corporation's 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, 2014**	**Fees Paid to Auditor in Year Ended December 31, 2013**
Audit Fees(1)	$40,480	$46,510
Audit-Related Fees(2)	Nil	Nil
Tax Fees(3)	Nil	$2,500
All Other Fees(4)	Nil	Nil
Total	$40,480	$49,010

(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, 2013. This exempts a "venture issuer" 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 relating to the Corporation is available on SEDAR at 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, 2014.

APPENDIX "A"

MKANGO RESOURCES LTD.

STOCK OPTION PLAN (THE "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 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 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 the Executive Committee or such other committee of directors of the Corporation as the Board may designate. Upon any such delegation the Executive Committee or other committee of directors, as the case may be, as well as the Board, 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 the Executive Committee or other 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;

(a) entitling any single individual to purchase in excess of five percent (5%) of the then outstanding shares in the Corporation in any 12 month period;

(b) entitling any one consultant to acquire more than two percent (2%) of the then outstanding shares in any 12 month period;

(c) entitling any Participant (as defined herein), who is an employee conducting investor relations activities, to acquire more than two percent (2%) of the then outstanding shares in the Corporation in any 12 month period;

(d) any participant performing investor relations activities must vest in stages over 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, employees 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 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 day 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.

<u>AUDIT COMMITTEE CHARTER</u>

MANDATE AND TERMS OF REFERENCE
(approved by the board of directors of the Corporation)

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 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 and 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 all members of the Committee shall be "independent" (as such term is 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.

3. All of the members of the Committee must be "financially literate" (as defined in MI 52-110) unless the Board determines that an exemption under MI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon in accordance with the provisions of MI 52-110.

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 Mango'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; and

- Review the performance of the external auditors annually or more frequently as required.

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. Review risk management policies and procedures of Mkango (i.e. hedging, litigation and insurance).

9. 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.

10. 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.

Not only has the Committee 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 Chairman 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 attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.

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.

11. 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 Committee Chair.

This Charter was approved by the Board on April 15, 2009

APPENDIX "C"

MKANGO RESOURCES LTD.

AMENDED AND RESTATED BY-LAW NO. ONE

A BY -LAW RELATING GENERALLY
TO THE TRANSACTION OF THE
BUSINESS AND AFFAIRS OF

MKANGO RESOURCES LIMITED

article 1

DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions

In the By-laws, unless the context otherwise requires:

(a) "**Act**" means the *Business Corporations Act* (Alberta), as amended, and all regulations under the Act in force from time to time;

(b) "**appoint**" includes elect and vice versa;

(c) "**Articles**" includes the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement, articles of dissolution and articles of revival of the Corporation, and any amendment to any of them;

(d) "**Board**" means the board of directors of the Corporation;

(e) "**By-laws**" means this by-law and all other by-laws of the Corporation from time to time in force;

(f) "**Corporation**" means Mkango Resources Limited;

(g) "**director**" means an individual who is duly elected or appointed as a director of the Corporation;

(h) "**Indemnified Party**" has the meaning set out in section 5.2 for purposes of that section;

(i) "**officer**" means any officer of the Corporation appointed by the Board; and

(j) "**shareholder**" means a shareholder of the Corporation.

Section 1.2 Interpretation

In the By-laws, except if defined in section 1.1 or the context does not permit:

(a) words and expressions defined in the Act have the meaning given to them in the Act;

(b) words importing the singular include the plural and vice versa;

(c) words importing gender include masculine, feminine and neuter genders; and

(d) words importing persons include bodies corporate.

Section 1.3 Headings

The headings used in the By-laws are inserted for convenience of reference only. The headings are not to be considered or taken into account in construing the terms of the Bylaws nor are they to be deemed in any way to clarify, modify or explain the effect of any term of the By-laws.

Section 1.4 By-laws Subject to the Act, etc.

The By-laws are subject to the Act, any unanimous shareholder agreement relating to the Corporation and the Articles, in that order.

article 2

SHAREHOLDERS

Section 2.1 Place and Time of Meetings

Meetings of shareholders may be held at the place within Alberta and at the time the Board determines. A meeting of shareholders may be held outside Alberta if all the shareholders entitled to vote at that meeting agree to holding the meeting outside Alberta. A shareholder who attends a meeting of shareholders held outside Alberta is deemed to have agreed to holding the meeting outside Alberta, except when the shareholder attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held.

Section 2.2 Calling of Meetings

The Board must call an annual meeting of shareholders not later than fifteen months after holding the last preceding annual meeting and may at any time call a special meeting of shareholders to be held at the place within Alberta and at the time the Board determines.

Section 2.3 Notice of Meetings

Notice of the time and place of a meeting of shareholders must be sent not less than twenty-one days and not more than fifty days before the meeting:

(a) to each shareholder entitled to vote at the meeting;

(b) to each director; and

(c) to the auditor of the Corporation.

Section 2.4 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, notice to one of those persons is sufficient notice to all of them. A notice must be addressed to all those joint holders and the address to be used by the Corporation must be the address appearing in the securities register of the Corporation in respect of that joint holding or the first address appearing if there is more than one address.

Section 2.5 Failure to Give Notice

The accidental failure to give notice of a meeting of shareholders to any person entitled to a notice or any error in a notice not affecting its substance does not invalidate any action taken at the meeting to which the notice relates.

Section 2.6 Waiver of Notice

A shareholder or any other person entitled to attend a meeting of shareholders may waive, in any manner, notice of a meeting of shareholders. Attendance of a shareholder or other person at a meeting of shareholders is a waiver of notice of the meeting, except when the shareholder or other person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

Section 2.7 Notice of Adjourned Meetings

With the consent of the shareholders present at a meeting of shareholders, the chairperson may adjourn that meeting to another fixed time and place. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of less than thirty days, it is not necessary to give notice of the adjourned meeting, other than by verbal announcement at the time of the adjournment. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty days or more, notice of the adjourned meeting must be given as for the original meeting.

Section 2.8 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders are:

(a) the shareholders entitled to vote at the meeting;

(b) any individual authorized by a resolution of the directors or governing body of a body corporate or association which is a shareholder entitled to vote at the meeting;

(c) the directors and officers;

(d) the auditor of the Corporation; and

(e) any others who, although not entitled to vote, are entitled or required under any provision of the Act, any unanimous shareholder agreement, the Articles or the By-laws to be present at the meeting.

Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting.

Section 2.9 Meeting by Electronic Means/Telephone

Any person described in paragraphs (a) through (e) of section 2.8 may participate in a meeting of the shareholders by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear or otherwise communicate with each other. A shareholder participating in a meeting by electronic means, telephone or other communication facilities is deemed to be present at the meeting.

Section 2.10 Quorum

If there is only one shareholder, or one holder of a class of shares, that shareholder in person or by proxy constitutes a meeting.

If there are two or more shareholders or two or more holders of a class of shares, a quorum of shareholders is present at a meeting of shareholders if at least two individuals are present in person, each of whom is entitled to vote at a meeting, and who hold or represent by proxy in the aggregate not less than 5% of the total number of shares entitled to be voted at the meeting. If any share entitled to be voted at a meeting of shareholders is held by two or more persons jointly, the persons or those of them who attend the meeting of shareholders constitute only one shareholder for the purpose of determining whether a quorum of shareholders is present.

Section 2.11 Loss of Quorum

If a quorum is present at the opening of a meeting of shareholders, the shareholders present may proceed with the business of the meeting, even if a quorum is not present throughout the meeting.

Section 2.12 Chairperson

The chairperson of any meeting of shareholders will be the first mentioned of the following officers (if appointed) present at the meeting: Chairman of the Board, President, Senior Vice-President or any other Vice-President. If none of the Chairman of the Board, President or Senior Vice-President is present at the meeting, and if more than one Vice-President is present, the first Vice-President to arrive will be chairperson of the meeting. If none of the foregoing officers is present, the shareholders present and entitled to vote at the meeting may choose a chairperson from among those individuals present.

Section 2.13 Procedure at Meetings

The chairperson of any meeting of shareholders will conduct the proceedings at the meeting in all respects. The chairperson's decision on any matter or thing relating to procedure, including, without limiting the generality of the foregoing, any question regarding the validity of any instrument of proxy, is conclusive and binding upon the shareholders.

Section 2.14 Voting

Voting at a meeting of shareholders must be by a show of hands of those present in person or represented by proxy or by a verbal poll of those present by telephone or other communication facilities. If a ballot is required by the chairperson of the meeting or is demanded by a shareholder or proxy entitled to vote at the meeting, either before or on the declaration of the result of a vote by a show of hands or verbal poll, voting must be by ballot. A demand for a ballot may be withdrawn at any time before the ballot is taken. If a ballot is taken on a question, a prior vote on that question by show of hands or verbal poll has no effect. At every meeting a shareholder present in person or represented by proxy or present by telephone or other communication facilities and entitled to vote has one vote on a show of hands and, subject to the Articles, one vote on a ballot for each share held.

Section 2.15 Decision on Questions

At every meeting of shareholders all questions proposed for the consideration of shareholders must be decided by the majority of votes, unless otherwise required by the Act or the Articles. In the case of an equality of votes, the chairperson does not, either on a show of hands or verbal poll or on a ballot, have a casting vote in addition to the vote or votes to which the chairperson may be entitled as a shareholder or proxy.

Section 2.16 Resolution in Lieu of Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution is as valid as if it had been passed at a meeting of the shareholders. A resolution in writing may be signed in one or more counterparts, all of which together constitute the same resolution. A facsimile or a duplicate copy produced by electronic means of a signed counterpart of a resolution in writing is as valid as an originally signed counterpart.

article 3

DIRECTORS

Section 3.1 Number of Directors

The Board consists of that number of directors as the shareholders may determine from time to time by ordinary resolution, but there must not be less than the minimum and not more than the maximum number of directors permitted by the Articles at any one time.

Section 3.2 Election and Term of Office

At each annual meeting of shareholders at which an election of directors is required, the shareholders, by ordinary resolution, must elect directors to hold office for a term expiring not later than the close of the next annual meeting of shareholders following the election.

Section 3.3 Calling of Meetings

The Chairman of the Board, if any, the President or any director may call a meeting of directors. A meeting of directors may be held at any place within the municipality in which the registered office of the Corporation is located or at any other place determined by the Board.

Section 3.4 Notice of Meetings

Notice in writing of the time and place of a meeting of directors must be sent to each director not less than forty-eight hours before the time fixed for that meeting.

Section 3.5 Failure to Give Notice

The accidental failure to give notice of a meeting of directors to any director entitled to a notice or any error in a notice not affecting its substance does not invalidate any action taken at the meeting to which the notice relates.

Section 3.6 Waiver of Notice

A director may waive, in any manner, notice of a meeting of directors. Attendance of a director at a meeting of directors is a waiver of notice of the meeting, except when the director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

Section 3.7 Meetings Without Notice

No notice of meeting need be given:

(a) to a newly elected Board following its election at an annual or special meeting of shareholders; or

(b) for a meeting of directors at which a director is appointed to fill a vacancy in the Board,

if a quorum is present.

Section 3.8 Meeting by Electronic Means/Telephone

If all the directors consent, a director may participate in a meeting of directors or of a committee of directors by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear or otherwise communicate with each other. A director participating in a meeting by electronic means, telephone or other communication facilities is deemed to be present at the meeting.

Section 3.9 Quorum

From time to time the directors may fix the quorum for meetings of directors or of a committee of directors, but unless so fixed, a majority of the directors or of a committee of directors constitutes a quorum and, to the extent required by the Act, no business may be transacted unless at least one-quarter of the directors present are resident Canadians.

Section 3.10 Chairperson of Meetings

The chairperson of any meeting of directors will be the first mentioned of the following officers (if appointed) who is a director and is present at the meeting: Chairman of the Board, President, Senior Vice-President or any other Vice-President. If none of the Chairman of the Board, President or Senior Vice-President is present at the meeting, and if more than one Vice-President is present, the first Vice-President to arrive will be chairperson of the meeting. If none of the foregoing officers is present, the directors present may choose one of their number to be chairperson of the meeting.

Section 3.11 Decision on Questions

At every meeting of directors all questions proposed for the consideration of the directors must be decided by the majority of votes. In the case of an equality of votes, the chairperson does not have a casting vote.

Section 3.12 Resolution in Lieu of Meeting

A resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of directors or committee of directors is as valid as if it had been passed at a meeting of directors or committee of directors. A resolution in writing may be signed in one or more counterparts, all of which together constitute the same resolution. A facsimile or a duplicate copy produced by electronic means of a signed counterpart of a resolution in writing is as valid as an originally signed counterpart.

Section 3.13 Borrowing Power

Without authorization of the shareholders, the directors may authorize the Corporation to:

(a) borrow money on the credit of the Corporation;

(b) issue, reissue, sell or pledge debt obligations of the Corporation;

(c) subject to section 45 of the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and

(d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

The directors, by resolution, may delegate to a director, a committee of directors or an officer all or any of the powers conferred on them by this section.

Section 3.14 Compensation

The Corporation may pay to the directors the remuneration fixed by the Board and may reimburse the directors in respect of transportation and other expenses actually incurred in attending meetings of the directors or in otherwise performing the duties of their office.

article 4

OFFICERS

Section 4.1 Appointment of Officers

The directors may designate offices of the Corporation and appoint individuals to those offices as they consider advisable. No officer need be a director. The same individual may hold two or more offices of the Corporation.

Section 4.2 Term of Office

All officers are subject to removal by the directors, with or without cause. An officer may resign at any time by giving notice to the Board.

Section 4.3 Duties of Officers

Subject to any limitations imposed by the Act, any unanimous shareholder agreement or the Articles, an officer has all the powers and authority and must perform all the duties usually incident to, or specified by the By-laws or the Board for, the office held.

article 5

LIABILITY AND INDEMNIFICATION

Section 5.1 Limitation of Liability

Every director and officer in exercising the powers and discharging the duties of office must act honestly and in good faith with a view to the best interests of the Corporation and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. No director or officer is liable for:

(a) the acts, omissions or defaults of any other director or officer or an employee of the Corporation,

(b) any loss, damage or expense incurred by the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation,

(c) the insufficiency or deficiency of any security in or upon which any of the money of the Corporation is invested,

(d) any loss or damage arising from the bankruptcy, insolvency or tortious or criminal acts of any person with whom any of the Corporation's money is, or securities or other property are, deposited,

(e) any loss occasioned by any error of judgement or oversight, or

(f) any other loss, damage or misfortune which occurs in the execution of the duties of office or in relation to it,

unless occasioned by the wilful neglect or default of that director or officer. Nothing in this By-law relieves any director or officer of any liability imposed by the Act or otherwise by law.

Section 5.2 Indemnity

Subject to the Act, the Corporation indemnifies a director or officer, a former director or officer and a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor (the "**Indemnified Parties**") and the heirs and legal representatives of each of them, against all costs, charges and expenses, which includes, without limiting the generality of the foregoing, the fees, charges and disbursements of legal counsel on an as-between-a-solicitor- and-his-own-client basis and an amount paid to settle an action or satisfy a judgement, reasonably incurred by an Indemnified Party, or the heirs or legal representatives of an Indemnified Party, or both, in respect of any action or proceeding to which any of them is made a party by reason of an Indemnified Party being or having been a director or officer of the Corporation or that body corporate, if:

(a) the Indemnified Party acted honestly and in good faith with a view to the best interests of the Corporation; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Indemnified Party had reasonable grounds for believing that the Indemnified Party's conduct was lawful.

The Corporation indemnifies an Indemnified Party and the heirs and legal representatives of an Indemnified Party in any other circumstances that the Act permits or requires. Nothing in this By-law limits the right of a person entitled to indemnity to claim indemnity apart from the provisions of this By-law.

Section 5.3 Insurance

The Corporation may purchase and maintain insurance for the benefit of a person referred to in section 5.2 against the liabilities and in the amounts the Act permits and the Board approves.

article 6

REQUIREMENTS OF AIM RULES

Section 6.1 Shareholder Disclosure

Subject to the *Business Corporations Act* (Alberta), for so long as the shares of the Corporation are listed for trading on the AIM market of the London Stock Exchange ("**AIM**") or until such time as it shall no longer be a requirement under the AIM Rules for Companies published by the London Stock Exchange from time to time (or any successor rule) (the "**AIM Rules**"), all shareholders interested in three percent (3%) or more of the Corporation's shares shall notify the Corporation of their holdings (as such term is defined in the AIM Rules) of shares (including all legal and beneficial interests, direct or indirect, of such shareholder, including all positions in "financial instruments" (as such term is defined in the AIM Rules) and of any subsequent relevant changes to their holdings (being each one percent (1%) increment increase or decrease whilst the shareholder's holdings (as defined above) are above the three percent (3%) threshold) so that these disclosures can be properly notified to the AIM market.

Section 6.2 Delisting From AIM

Subject to the *Business Corporations Act* (Alberta), for so long as the shares of the Corporation are listed for trading on AIM or until such time as it shall no longer be a requirement under the AIM Rules, cancellation of the admission to trading of the Corporation's shares on AIM shall be conditional upon the consent of not less than seventy-five percent (75%) of votes cast by the shareholders at a duly called meeting thereof (save where the London Stock Exchange agrees that such shareholder consent is not required) and the Corporation will observe the notification, timing and other requirements of Rule 41 of the AIM Rules in connection with any such proposed cancellation.