SOUTHGOBI RESOURCES LTD.

The following information is presented in accordance with National Instrument 51-102 – Continuous Disclosure Obligations and Form 51-102F6 – Statement of Executive Compensation (“**Form 51-102F6**”)*, and sets forth compensation for each NEO (as defined below) and director (“**Director**”) of SouthGobi Resources Ltd. (“**SouthGobi**” or the “**Company**”) during the financial year ending December 31, 2019. This Statement of Executive Compensation is dated for reference May 19, 2020.*

STATEMENT OF EXECUTIVE COMPENSATION

In accordance with the requirements of applicable securities legislation in Canada, the following executive compensation disclosure is provided in respect of (a) each person who served as the Company’s Chief Executive Officer (the “**CEO**”) or Chief Financial Officer (the “**CFO**”) during the 2019 fiscal year, (b) each of the three most highly compensated executive officers of the Company and its subsidiaries whose annual aggregate compensation for the 2019 fiscal year exceeded Cdn$150,000; and (c) each individual who would be included under (b) above but for the fact such individual was not an executive officer of the Company or its subsidiaries at the end of the financial year (collectively (a), (b) and (c), the “**NEOs**”).

For the Company’s 2019 fiscal year, the Company’s NEOs were:

- Mr. Shougao Wang, former CEO of the Company;
- Mr. Weiguo Zhang, CFO of the Company;
- Mr. Kino Fu, Deputy CFO of the Company;
- Mr. Munkhbat Chuluun, President and Executive Director of SouthGobi Sands LLC (“**SGS**”), a subsidiary of the Company; and
- Jonathan Kaetzel, Senior Maintenance Advisor of SGS.

COMPENSATION DISCUSSION AND ANALYSIS

Overview for 2019

The purpose of the Company’s compensation program for senior executives is to provide incentives to attract, motivate and retain qualified and experienced executives, to ensure their interests are aligned with the interests of shareholders of the Company and to provide for transparent and defensible compensation.

- The board of directors of the Company (the “**Board**”), through the compensation committee (“**Compensation Committee**”) (comprised solely of independent directors), is committed to the transparent presentation of its compensation program.
- The three principal elements that make up the compensation program are: base salary, performance bonus and long term incentives.
- In the normal course, total executive compensation for NEOs (salary, cash bonus and stock options) is targeted at between the median and the top quartile of market.
- In the normal course, annual incentive bonuses are based on achievement of short-term and medium-term goals and other strategic objectives, both personal and corporate.
- Stock options have traditionally been awarded on an annual basis to incentivize the long-term growth of the Company while aligning the interests of shareholders and

management. Stock option grants are based on a number of factors, including individual and corporate performance, retention considerations, and performance motivation.

Compensation and Benefits Committee

The Compensation Committee's objective is to discharge certain of the Board's responsibilities relating to compensation and benefits of the executive officers and Directors of the Company, including, among other things:

- on an ongoing basis, reviewing and making recommendations to the Board relating to (i) the Company's policy and structure for all director and senior management remuneration, and (ii) the establishment of a formal and transparent procedure for developing such remuneration policy;
- at least annually, reviewing and approving corporate goals and objectives relevant to the CEO's and CFO's compensation, evaluating their respective performance in light of those goals and objectives and setting their respective compensation level;
- at least annually, reviewing and making recommendations to the Board with respect to the adequacy and form of compensation and benefits of all other executive officers and Directors of the Company;
- administering and making recommendations to the Board with respect to the Company's Employees' and Directors' Equity Incentive Plan (the "**Equity Incentive Plan**") and any other incentive compensation plans and equity-based plans, including any share ownership guidelines, and review such plans annually;
- recommending to the Board the CEO's and CFO's performance evaluation which takes into consideration the CEO's and CFO's respective annual objectives and performance; and
- determining the recipients of, and the nature, vesting criteria (if applicable) and size of equity compensation awards and equity bonuses granted from time to time, in compliance with applicable securities laws, stock exchange rules and policies, and other regulatory requirements.

The charter of the Compensation Committee is available on the Company's website at www.SouthGobi.com.

All Compensation Committee members are independent Directors, based on the standards established under NI 58-101. The Compensation Committee met three (3) times during the fiscal 2019 year. As at the end of fiscal 2019 year, the Compensation Committee was made up of the following members, all of whom have experience in dealing with compensation matters:

Name	Experience
Jin Lan Quan (Chair)	Ms. Quan joined the Compensation Committee on June 30, 2016 and was appointed Chair of the Compensation Committee on June 28, 2018. As a former Managing Partner with an international accounting firm in Sydney Australia, Ms. Quan was involved in executive compensation proposals and decisions. She is a certified public accountant and is an independent financial planner and business consultant based in Sydney, Australia.

Name	Experience
Yingbin Ian He	Mr. He joined the Compensation Committee on May 16, 2017. Mr. He is a mining professional with over 30 years of board and senior executive experience. Over the course of his career, Mr. He has overseen the design and development of various forms of compensation policies, including salary, bonuses and stock options. Mr. He has also been involved in the recruitment of, and negotiation of compensation packages for, senior executives and expatriate senior executives. Mr. He was Chairman of the compensation committee for China Gold International Resources Corp. Ltd., a TSX and HKEx listed public company.
Mao Sun	Mr. Sun joined the Compensation Committee on December 14, 2015. Mr. Sun has extensive experience working with Canadian listed companies, as both a director and chief financial officer. He is a chartered accountant and graduated from Columbia University in New York with a Master Degree of International Affairs, International Finance and Business and a Bachelor Degree in Computer Science from Nanjing University, China.

Outside Consultants and Peer Comparator Group

In establishing policies covering base salaries, benefits, annual incentive bonuses and long term incentives, the Compensation Committee takes into consideration the recommendations of management. The Compensation Committee may seek compensation advice where appropriate from external consultants. When the Compensation Committee considers it necessary or advisable, it may retain, at the Company's expense, outside consultants or advisors to assist or advise the Committee on any matter within its mandate. The Committee has the sole authority to retain and terminate any such consultants or advisors.

In 2019, the Compensation Committee retained Spencer Ogden (Hong Kong) Ltd. as an external compensation consultant to update the Company's compensation program and a revised compensation policy for the Company's senior executives was approved by the Board in November 2019, which sets out guidelines for the parameters and controls for determining senior management's key performance indicators ("KPIs") and bonus compensation. The policy identifies six categories of KPIs (production, sales, liquidity, timely reporting, administrative costs and profitability) which are intended to correlate with the Company's performance. Based on the Company's annual operational and financial performance, an individual KPI coefficient is calculated for each member of senior management, which is then used as the determining factor of whether the size of the bonus payout which the Compensation Committee has benchmarked against other similar and comparable entities as the Company and will be in the range of 1 to 3 months base salary.

The following table sets out the aggregate amount of fees billed by the Company's external compensation consultants or advisors, or any of its affiliates, for services related to determining compensation for any of the Company's Directors and executive officer for each of the two most recently completed financial years:

	Fiscal 2019 (Cdn$)	Fiscal 2018 (Cdn$)
Executive Compensation-Related Fees	$25,171	Nil
All Other Fees	Nil	Nil
Total Fees	$25,171	Nil

Compensation and Benefits Philosophy and Goals

The Company's executive compensation program is administered by the Compensation Committee. The Compensation Committee has the following objectives:

- to provide a strong incentive for management to contribute to the achievement of the Company's short-term and long-term goals;
- to ensure that the interests of the Company's executive officers and shareholders are aligned;
- to enable the Company to attract, retain and motivate executive officers of the highest caliber in light of the strong competition in the Company's industry for qualified personnel; and
- to provide fair, transparent and defensible compensation.

Although compensation is generally tied to performance goals, the Compensation Committee and the Board maintain a degree of flexibility in making recommendations and compensation decisions.

NEOs and Directors are not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or Director in accordance with the Company's Corporate Disclosure, Confidentiality and Securities Trading Policy. The Company continually reviews its compensation policies to ensure the alignment of remuneration outcomes with the successful delivery of the Company's strategy.

How We Make Compensation Decisions

The Compensation Committee generally oversees and sets the general guidelines and principles for the Company's executive compensation policies. It assesses individual performance of the Company's executive officers and makes recommendations relating to compensation to the Board. Based on these recommendations, the Board makes decisions concerning the nature and scope of the compensation to be paid to the Company's executive officers. The Compensation Committee bases its recommendations to the Board on a combination of its compensation philosophy, market analysis for compensation paid by a peer comparator group, advice from third-party consultants and the Committee's assessment of individual performance based on an objective set of performance goals. In the normal course, the Company's total compensation package is made up of three elements: salary, bonus and equity incentives. In addition, certain executives receive other compensation such as housing allowance, income tax benefit and travel expenditures, as determined on a case by case basis.

The Compensation Committee generally meets quarterly to deal with any compensation issues or more frequently as needed to address specific issues in respect of executive compensation. The Chair of the Compensation Committee meets with the CEO and CFO at least annually to discuss management's corporate goals for the forthcoming year, and to complete the annual review of the CEO's performance. The Compensation Committee works with the CEO and CFO to evaluate the performance and set the compensation for the other NEOs, including proposed salary adjustments, bonus awards and stock options grants.

The Board has the responsibility for overseeing the Company's compensation program. The Board has delegated certain oversight responsibilities to the Compensation Committee, but retains final authority over the compensation program and process, including approval of material amendments to or adoption of new equity-based compensation plans and the review and approval of Compensation Committee recommendations regarding executive compensation.

In designing the various elements and determining amounts of compensation, the Compensation Committee draws upon the advice from the CEO and CFO and also takes advice from its compensation advisor(s) with regard to the recommendations of management as part of preparing its recommendations to the Board.

The CEO and CFO, in consultation with the Board and senior management, are responsible for developing the Company's overall strategic plan. On the basis of the strategic plan, the CEO and CFO develop an annual business plan and sets out corporate strategies and objectives, which are reviewed and approved by the Board. These objectives include both general corporate and financial objectives and form the basis of assessing the performance of the executive management for the purpose of determining their annual incentive awards, which are weighted on an individual basis to reflect specific targets based on an executive's position.

The Board actively monitors the Company's adherence to its strategic plan and the annual business plan and budget and is directly involved in investigating any significant variance from those plans that would encounter any major new risks that have not already been identified and mitigated to the extent possible through its normal business practices.

Management of Risk

In designing and implementing the Company's compensation policy, the Compensation Committee and the Board regularly assess, as part of their respective deliberations, the risks associated with the Company's policies and practices. The structure of incentive compensation for executives is generally designed not to focus on a single metric, which in the Compensation Committee's view could be distortive, but rather a number of objectives within the framework of the following values and responsibilities: Health and Safety; Fair Treatment of Employees; Contributing to Communities and Sustaining Development; Managing Environmental Impacts; Operational Excellence and Financial Discipline. The objectives contain both short term and long term objectives. Planned performance is measured against actual achievements on a continuous basis so that the Board is able to react to any significant unanticipated risks. The Compensation Committee and the Board also aim to manage cash resources to the extent practicable with salaries aimed at the median of market, and overall consideration (including stock options) targeted at between the median and the top quartile of market. Consideration of risk is also directly incorporated into the incentive compensation by including goals related to risk management as a factor within the objectives for bonus incentive compensation. Compensation decisions are not entirely based on fixed formulas and the Board and Compensation Committee retain a certain degree of discretion when assessing certain performance based criteria and granting certain incentive compensation.

For a detailed explanation of the material risks applicable to the Company, see the section entitled "Risk Factors" in the Company's Annual Information Form dated March 31, 2019 available under the Company's profile on SEDAR at www.sedar.com.

Compensation in 2019

Compensation for former CEO

Shougao Wang

Mr. Wang was the Company's CEO from June 1, 2018 to March 31, 2020. In connection with his duties as CEO. Mr. Wang was also eligible to receive an annual cash bonus and stock options, at the discretion of the Board, based on his annual performance as CEO.

Compensation for CFO and other NEOs

Weiguo Zhang

Mr. Zhang was appointed as the Company's CFO effective as of June 1, 2018. In connection with his duties as CFO. Mr. Zhang is also eligible to receive an annual cash bonus and stock options, at the discretion of the Board, based on his annual performance as CFO.

Kino Fu

Mr. Fu has been the Company's Deputy CFO since April 18, 2018. In connection with his duties as the Company's Deputy CFO, Mr. Fu receives a base salary of HK$1,560,000 per year. Mr. Fu is also eligible to receive an annual cash bonus and stock options, at the discretion of the Board, based on his annual performance as Deputy CFO.

Munkhbat Chuluun

Mr. Chuluun was appointed President and Executive Director of SGS effective as of September 17, 2015. In connection with his duties as President and Executive Director of SGS, Mr. Chuluun receives a base salary of US$217,929 per year. Mr. Chuluun is eligible to receive a cash bonus of up to 20% of his base salary subject to achieving certain performance indicators. Mr. Chuluun is also eligible to receive long-term performance awards in the form of stock options, at the discretion of the Board, based on his annual performance as President and Executive Director of SGS.

Jonathan Kaetzel

Mr. Kaetzel was appointed as the Senior Maintenance Advisor at SGS effective as of February 1, 2012. In connection with his duties, Mr. Kaetzel receives a base salary of US$183,316 per year. Mr. Kaetzel is eligible to receive a cash bonus of up to 30% of his base salary subject to achieving certain personal and corporate goals. Mr. Kaetzel is also eligible to receive long-term performance awards in the form of stock options, at the discretion of the Board, based on his annual performance as the Senior Maintenance Advisor at SGS.

NEO Incentive Compensation for 2019

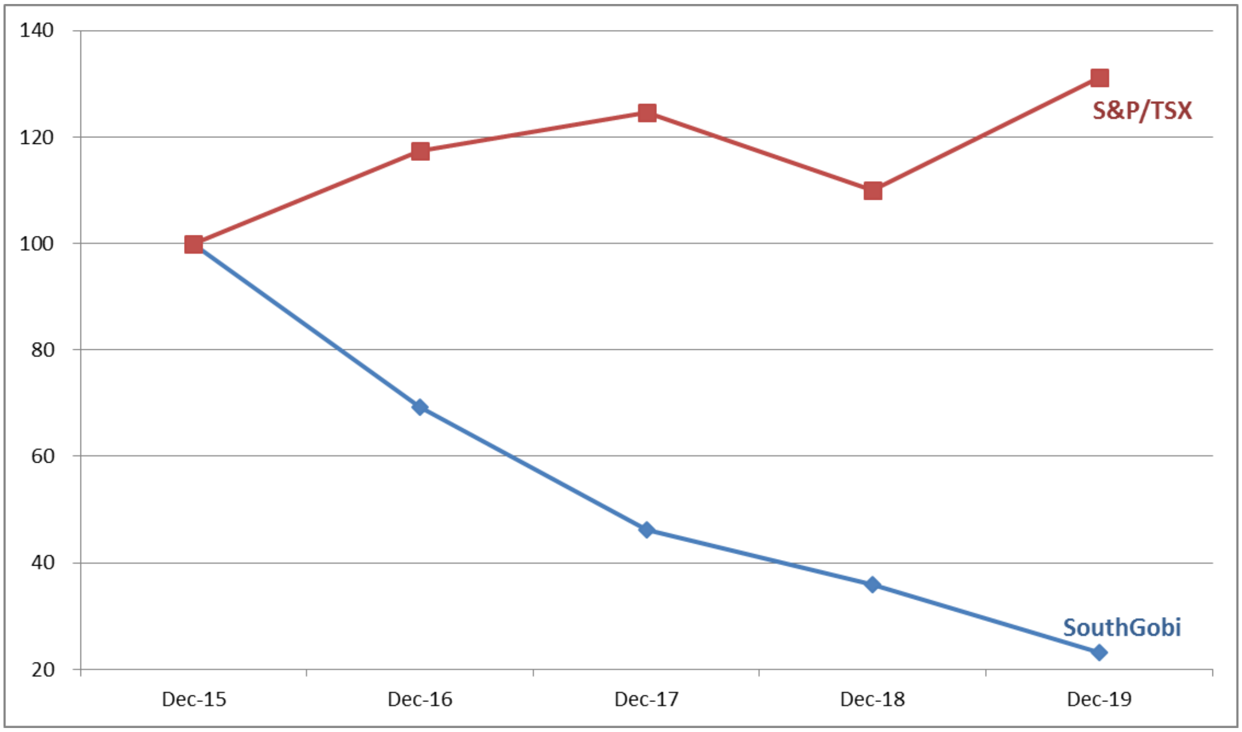
Compensation decisions for incentive awards to NEOs for 2019 performance were based on an assessment by the Compensation Committee and the Board of each NEO's contribution during 2019 and the extent to which certain agreed upon individual and corporate performance measures were achieved. In assessing whether or not a particular performance measure was achieved, the Board and the Compensation Committee retain a considerable degree of discretion. Among other matters, considerable weight is given to the small size of the Company's executive team, the significant change in the senior management structure of the Company and the multiple roles handled by the very small management team members. In recognition of their contributions during fiscal 2019, the Company awarded US$99,112 in cash bonuses to certain of the NEOs.

Other Compensation

The aggregate "other compensation" received by each NEO is disclosed in the Summary Compensation Table below. The Company does not provide its executive officers with a pension plan. Termination compensation in respect of NEOs whose employment ended during 2019 is disclosed under "Termination and Change of Control Benefits" below.

Performance Graph

The following graph and table compare the cumulative shareholder return on a Cdn$100 investment in Common Shares to a similar investment in companies comprising the S&P/TSX Composite Index, including dividend reinvestment, for the period from December 31, 2015 to December 31, 2019. Trading of the Company's shares was suspended from December 17, 2018 to May 30, 2019.



	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
SouthGobi Resources Ltd.	100	69	46	36	23
S&P/TSX Composite Index	100	118	125	110	131

The trend in overall compensation paid to the Company's executive officers over the past five years has not tracked the performance of the market price of the Common Shares, or the S&P/TSX Composite Index. Given the various challenges facing the Company, the current share price is not a significant factor in cash compensation consideration. The value of long term incentive compensation in the form of stock options will be influenced by the Company's share price performance.

Summary Compensation Table

The following executive compensation disclosure for each NEO is provided as of December 31, 2019, December 31, 2018 and December 31, 2017.

Summary Compensation Table
(US$)

Name and principal position	Year	Salary [1]	Share-based awards	Option-based awards [2]	Non-equity incentive plan compensation ($) Annual incentive plans	Non-equity incentive plan compensation ($) Long-term incentive plans	Pension value	All other compensation[3]	Total compensation
Shougao Wang Former CEO[4]	2019	360,000	Nil	11,723	Nil	30,000	Nil	Nil	401,723
	2018	210,000	Nil	14,670	Nil	80,000	Nil	Nil	304,670
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Weiguo Zhang CFO	2019	200,000	Nil	8,792	Nil	16,667	Nil	Nil	225,463
	2018	116,669	Nil	7,335	Nil	80,000	Nil	Nil	204,004
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Munkhbat Chuluun SGS: President and Executive Director	2019	217,939	Nil	4,396	49,934	Nil	Nil	Nil	272,269
	2018	188,351	Nil	5,501	38,834	Nil	Nil	Nil	232,687
	2017	108,776	Nil	Nil	8,352	Nil	Nil	Nil	117,128
Kino Fu Deputy CFO	2019	199,041	Nil	2,931	38,277	Nil	Nil	Nil	240,249
	2018	193,756	Nil	3,668	103,815	Nil	Nil	Nil	301,238
	2017	159,178	Nil	Nil	60,000	Nil	Nil	Nil	219,178
Jonathan Kaetzel SGS: Senior Maintenance Advisor	2019	183,316	Nil	Nil	10,900	Nil	Nil	38,732	232,948
	2018	164,087	Nil	Nil	Nil	Nil	Nil	38,337	202,424
	2017	163,536	Nil	Nil	Nil	Nil	Nil	40,405	203,941

Notes:

(1) The salaries for the NEOs are paid in U.S., Hong Kong dollars and Mongolian Tugrik. For the purpose of reporting, the salaries in the Summary Compensation Table above are reported in U.S. dollars (converted using the prevailing Bank of Canada exchange rate on the date an amount was paid).

(2) The value of the stock options awarded is the estimated fair value on the date of grant calculated using the Black-Scholes option pricing model with the following assumptions: an estimated volatility equal to the historical volatility of the Common Shares over a period equal to the expected life of the option, an estimated divided yield of $nil, a risk free rate of return equal to the rate currently available on federal government zero-coupon bonds with a term equal to the expected life of the option and an expected life approximating the term of the option. The value of stock options with a Canadian dollar exercise price was converted to US dollars using the Bank of Canada closing exchange rate on date of grant.

(3) For the purpose of reporting, all other compensation in the Summary Compensation Table are reported in U.S. dollars. Foreign currency amounts are converted into U.S. dollars using the prevailing Bank of Canada exchange rate on the date an amount was paid.

(4) Mr. Wang was the Company's CEO from June 1, 2018 to March 31, 2020.

Name and principal position	Year	Option Grant	Grant Date	Conversion Rate(1)	Grant Date Fair Value (US$)	Grant Date Fair Value (Cdn$)
Shougao Wang Former CEO	2019 2018 2017	400,000 400,000 Nil	15-Nov-19 16-Aug-18 Nil	1.3250 1.3144 Nil	11,723 14,670 Nil	15,533 19,283 Nil
Weiguo Zhang CFO	2019 2018 2017	300,000 200,000 Nil	15-Nov-19 16-Aug-18 Nil	1.3250 1.3144 Nil	8,792 7,335 Nil	11,650 9,641 Nil
Kino Fu Deputy CFO	2019 2018 2017 2016 2015 2014	100,000 100,000 Nil Nil 42,746 24,134	15-Nov-19 16-Aug-18 Nil Nil 1-Apr-15 13-Aug-14	1.3250 1.3144 Nil Nil 1.2612 1.0929	2,931 3,668 Nil Nil 14,423 5,385	3,883 4,821 Nil Nil 18,191 5,885
Munkhbat Chuluun SGS: President and Executive Director	2019 2018 2017 2016 2015	150,000 150,000 Nil Nil 32,331	15-Nov-19 16-Aug-18 Nil Nil 1-Apr-15	1.3250 1.3144 Nil Nil 1.2612	4,396 5,501 Nil Nil 10,909	5,825 7,231 Nil Nil 13,758
Jonathan Kaetzel SGS: Senior Maintenance Advisor	2019 2018 2017	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil

Notes:

(1) The conversion rates used for the purpose of converting the grants to the NEOs in the Summary Compensation Chart above from Canadian dollars to U.S. dollars in 2019, 2018, 2017, 2016, 2015 and 2014 are 1.3250, 1.3144, 1.2963, 1.3416, 1.3732 and 1.02929, respectively.

Incentive Plan Awards
Outstanding share-based awards and option-based awards
as at December 31, 2019

Name and principal position	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options	Option exercise price (Cdn$)	Option expiration date	Value of unexercised in-the-money options (US$)(1)	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested (US$)
Shougao Wang Former CEO	400,000 400,000	0.13 0.13	15-Nov-24 16-Aug-23	Nil Nil	n/a	n/a
Weiguo Zhang CFO	300,000 200,000	0.13 0.13	15-Nov-24 16-Aug-23	Nil Nil	n/a	n/a
Kino Fu Deputy CFO	100,000 100,000 42,746	0.13 0.13 0.92	15-Nov-24 16-Aug-23 1-Apr-20	Nil Nil Nil	n/a	n/a
Munkhbat Chuluun SGS: President and Executive Director	150,000 150,000 32,331	0.13 0.13 0.92	15-Nov-24 16-Aug-23 1-Apr-20	Nil Nil Nil	n/a	n/a
Jonathan Kaetzel SGS: Senior Maintenance Advisor	Nil	n/a	n/a	n/a	n/a	n/a

Notes:

(1) The value of the unexercised in-the-money options, is calculated on the basis of the difference between the closing price of the Common Shares on the TSX on December 31, 2019 (Cdn$0.09 per Common share) and the exercise price of the options. The value of the unexercised in-the-money options as of December 31, 2019, has been converted from Canadian dollars to U.S. dollars at the rate of US$1.00/Cdn$1.2988, which was the Bank of Canada noon rate on December 31, 2019, the last trading day of calendar 2019.

Incentive Plan Awards – value vested or earned during 2019
(US$)

Name and principal position	Option-based awards - Value vested during the year	Share-based awards - Value vested during the year	Non-equity incentive plan compensation - Value earned during the year
Shougao Wang Former CEO	Nil	n/a	Nil
Weiguo Zhang CFO	Nil	n/a	Nil

Kino Fu Deputy CFO	Nil	n/a	Nil
Munkhbat Chuluun SGS: President and Executive Director	Nil	n/a	Nil
Jonathan Kaetzel SGS: Senior Maintenance Advisor	Nil	n/a	Nil

PENSION PLAN BENEFITS

The Company does not have any pension, retirement or deferred compensation plans, including defined contribution plans.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Shougao Wang

Mr. Wang's employment contract with SouthGobi Resources (Hong Kong) Limited ("**SouthGobi HK**") and under the secondment arrangement with the Company provide that in the case of a termination without cause, Mr. Wang is entitled to either one (1) month notice or payment equal to one (1) month's base salary. Neither Mr. Wang's employment contract with SouthGobi HK nor his secondment arrangement with the Company provide for any additional compensation in case of an involuntary termination following a change of control of the Company. The estimated payment to Mr. Wang as at December 31, 2019 in the event of a termination without cause would have been one month's salary equal to $30,000.

Weiguo Zhang

Mr. Zhang's employment contract with SouthGobi HK and under the secondment arrangement with the Company provide that in the case of a termination without cause, Mr. Zhang is entitled to either one (1) month notice or payment equal to one (1) month's base salary. Neither Mr. Zhang's employment contract with SouthGobi HK nor his secondment arrangement with the Company provide for any additional compensation in case of an involuntary termination following a change of control of the Company. The estimated payment to Mr. Zhang as at December 31, 2019 in the event of a termination without cause would have been one month's salary equal to $18,162.

Kino Fu

Mr. Fu's employment contract with SouthGobi HK and with the Company provide that in the case of a termination without cause, Mr. Fu is entitled to payment equal to two (2) months' base salary. Mr. Fu's employment contract does not provide for any additional compensation in case of an involuntary termination following a change of control of the Company. The estimated incremental payments to Mr. Fu as at December 31, 2019 in the event of a termination without cause would have been two (2) months' salary equal to HK$260,000.

Munkhbat Chuluun

Mr. Chuluun's employment agreement with SGS does not provide for any additional compensation in case of any termination (whether voluntary, involuntary or constructive), resignation, retirement, or change of control of the Company.

Jonathan Kaetzel

Mr. Kaetzel's employment agreement with SGS does not provide for any additional compensation in case of any termination (whether voluntary, involuntary or constructive), resignation, retirement, or change of control of the Company.

COMPENSATION OF DIRECTORS

The Compensation Committee periodically reviews and makes recommendations to the Board regarding the adequacy and form of the compensation for non-management directors to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective Director, without compromising a Director's independence. Directors who are executives of the Company receive no additional remuneration for their services as directors.

Based in part on the recommendations provided in the compensation report commissioned from Roger Gurr & Associates (the "**Gurr Directors Report**") in 2016, the annual retainer for each of the INEDs was approved as below:

	Cdn$
Independent Directors:	45,000
Audit Committee Chair:	20,000
Nominating and Governance Committee Chair:	20,000
Compensation and Benefits Committee Chair:	10,000
HESS Committee Chair:	10,000

The HESS Committee is chaired by Mr. Dalanguerban, the executive director. Should the HESS Committee be chaired by a non-executive Director, he or she would be entitled to receive the Cdn$10,000 annual retainer.

In April 2018, based on the recommendations provided in the Gurr Directors Report, the remuneration for the Lead Director was approved and set at Cdn$25,000 per annum.

The meeting fees for each of the INEDs is Cdn$1,500 for each Board and each Committee meeting attended. Directors also receive a travel allowance of Cdn$2,000 per round-trip in excess of four (4) hours' travel time.

As recommended in the Gurr Directors Report, Mr. He and Ms. Quan each received 150,000 incentive stock options, which expire after five (5) years with a strike price of Cdn$0.11 per share. In his capacity as the Lead Director, Mr. Sun received 200,000 incentive stock options, which expire after five (5) years with a strike price of Cdn$0.11 per share.

In April 2018, the remuneration for each member of the Special Committee was approved and set at Cdn$2,000 per month and the remuneration for the Chair of the Special Committee was approved and set at Cdn$3,000 per month. The remuneration for the Special Committee members and Chair was suspended on April 28, 2019.

All Directors are entitled to be reimbursed for actual expenses reasonably incurred in the performance of their duties as Directors.

Director Compensation Table for Fiscal 2019
(US$)

Name (1)	Fees Earned ($)	Share-based awards ($)	Option-based awards ($)	All Other Compensation	Total ($)
Zhiwei Chen	n/a	n/a	n/a	n/a	nil
Yingbin Ian He	83,277	n/a	3,281 (2)	n/a	86,558
Xiaoxiao Li	n/a	n/a	n/a	n/a	nil
Ben Niu	n/a	n/a	n/a	n/a	nil
Jin Lan Quan	76,871	n/a	3,281 (2)	n/a	80,152
Mao Sun	102,495	n/a	4,374 (2)	n/a	106,869
Wen Yao	n/a	n/a	n/a	n/a	nil
Lan Cheng (3)	n/a	n/a	n/a	n/a	nil

Notes:

(1) Additional information with respect to the compensation for Mr. Shougao Wang has been included in the Summary Compensation Table for NEOs, and is not reported in the Director Compensation section of this Form 51-102F6.

(2) As recommended in the Gurr Directors Report, Mr. He and Ms. Quan each received 150,000 incentive stock options, exercisable for five (5) years with a strike price of Cdn$0.11 per share, respectively. In his capacity as Lead Director, Mr. Sun received 200,000 incentive stock options, exercisable for five (5) years with a strike price of Cdn$0.11 per share.

(3) Ms. Lan Cheng did not stand for re-election at the annual general meeting held on May 30, 2019 (the "**2019 AGM**") and ceased to be a Director as of that date.

Outstanding Share-based awards, option-based awards and non-equity incentive plan compensation as at December 31, 2019

	Option-based Awards				Share-based Awards	
Name (1)	**Number of securities underlying unexercised options**	**Option exercise price (Cdn$)**	**Option expiration date**	**Value of unexercised in-the-money options (US$)** (2)(3)	**Number of shares or units of shares that have not vested**	**Market or payout value of share-based awards that have not vested (US$)**
Zhiwei Chen	n/a	n/a	n/a	n/a	n/a	n/a
Yingbin Ian He	100,000 150,000 150,000 150,000	0.39 0.33 0.13 0.13	5-Jun-22 30-Jun-22 3-Jul-23 11-Sept-24	Nil Nil Nil Nil	Nil	Nil
Xiaoxiao Li	n/a	n/a	n/a	n/a	n/a	n/a
Ben Niu	n/a	n/a	n/a	n/a	n/a	
Jin Lan Quan	100,000 150,000 150,000 150,000 150,000	0.29 0.33 0.33 0.13 0.13	14-Dec-20 16-Nov-21 30-Jun-22 3-Jul-23 11-Sept-24	Nil Nil Nil Nil Nil	Nil	Nil
Mao Sun	100,000 200,000 200,000 200,000 200,000	0.29 0.33 0.33 0.13 0.13	14-Dec-20 16-Nov-21 30-Jun-22 3-Jul-23 11-Sept-24	Nil Nil Nil Nil Nil	Nil	Nil
Wen Yao	n/a	n/a	n/a	n/a	n/a	n/a
Lan Cheng	n/a	n/a	n/a	n/a	n/a	n/a

Notes:

(1) Additional information with respect to the compensation for Mr. Shougao Wang has been included in the Summary Compensation Table for NEOs, and is not reported in the Director Compensation section of this Form 51-102F6.

(2) The “Value of unexercised in-the-money options” is calculated on the basis of the difference between the closing price of the Common Shares on the TSX on December 31, 2019 (being Cdn$0.09 per Common Share) and the exercise price of the option multiplied by the number of unexercised options, vested and unvested and converted to US$ at the respective spot rates as published by the Bank of Canada.

(3) The value of the unexercised in-the-money options as of December 31, 2019, has been converted from Canadian dollars to U.S. dollars at the rate of US$1.00/Cdn$1.2988, which was the Bank of Canada noon rate on December 31, 2019, the last trading day of calendar 2019.

Incentive Plan Awards – value vested or earned during 2019

Name [(1)]	Option-based awards - Value vested during the year (US$) [(2)]	Share-based awards - Value vested during the year (US$)	Non-equity incentive plan compensation - Value earned during the year (US$)
Zhiwei Chen	n/a	n/a	n/a
Yingbin Ian He	Nil	n/a	Nil
Xiaoxiao Li	n/a	n/a	n/a
Ben Niu	n/a	n/a	n/a
Jin Lan Quan	Nil	n/a	Nil
Mao Sun	Nil	n/a	Nil
Wen Yao	n/a	n/a	n/a
Lan Cheng	n/a	n/a	n/a

Notes:

(1) Additional information with respect to the compensation for Mr. Shougao Wang has been included in the Incentive Plan table for NEOs, and is not reported in the Director Compensation section of this Form 51-102F6.

(2) Value vested during the year represents the aggregate dollar value that would have been realized if a Director had exercised each of their options that vested in 2019 on the date of such vesting. The value vested during the year is converted from Canadian dollars to U.S. dollars based on the Bank of Canada noon rate at the date of vesting of each option. Where the option exercise price is above the share price on the date of vesting the value assigned to the option is nil.