

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 – Name and Address of Company:

Mkango Resources Limited (the “**Company**” or “**Mkango**”)
706 27 Avenue NW
Calgary, AB T2M 2J3

Item 2 – Date of Material Change:

November 16, 2017 and December 11, 2017

Item 3 – News Release:

The Company disseminated news releases through the facilities of Marketwired on November 16, 2017 and December 11, 2017.

Item 4 – Summary of Material Change:

On November 16, 2017, the Company entered into an agreement (“**Agreement**”) with Talaxis Limited, a wholly-owned subsidiary of Noble Group Limited (“**Talaxis**”), pursuant to which, amongst other things, Talaxis:

- (i) agreed to fully fund a bankable feasibility study (“**BFS**”) for the Company’s Songwe Rare Earths Project (“**Project**”) in return for a 49% interest in the Project;
- (ii) agreed to invest £12 million in the Project for the BFS in three tranches;
- (iii) will have an option to acquire a further 26% interest in the Project by arranging funding for Project development; and
- (iv) may acquire up to a 49% interest in a new venture to be established by the Company (“**Newco**”), such venture to be focused on neodymium alloy powders, magnet and other technologies, including the Company’s collaboration with Metalysis Limited, by investing £2 million in two tranches

(collectively, the “**Transaction**”).

Talaxis is the holder of 13.9% of the issued and outstanding shares of Mkango. As such, Talaxis is a Non Arm’s Length Party pursuant to applicable rules of the TSX Venture Exchange (“**TSXV**”), as well as a “related party” pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). In addition, Talaxis holds 12 million warrants of Mkango, which, upon exercise, could result in Talaxis holding 22.9% of the then-issued and outstanding shares of Mkango. Talaxis has agreed with Mkango that it will not exercise any warrants which would increase the holding of Talaxis in Mkango to 20% or more.

On December 4, 2017, the TSXV conditionally accepted the Transaction, subject to receipt of shareholder approval in accordance with MI 61-101. Pursuant to MI 61-101, the Transaction is subject to disinterested shareholder approval (i.e., approval by a majority of the votes cast at the Meeting, excluding any shares held by Talaxis, its affiliates and joint actors) (“**Minority Approval**”).

The first tranche of £2 million (C\$3.4 million) in respect of Talaxis’ investment in the Project has been placed into escrow by Talaxis, to be released to the Company within a period of two business days of final approval by the TSXV following receipt of Minority Approval. The second tranche of £3 million (C\$5.2 million) of the investment in the Project and the first tranche of £1 million (C\$1.7 million) of the investment in Newco will be invested within a period of two business days of final approval by the TSXV following receipt of Minority Approval.

Related Party Transaction

Pursuant to section 5.2 of MI 61-101, the Company is required to include the following additional disclosure about the Transaction in this Material Change Report:

(a) a description of the transaction and its material terms

On November 16, 2017, the Company entered into the Agreement with Talaxis, pursuant to which, amongst other things, Talaxis:

- (i) agreed to fully fund a BFS for the Company’s Songwe Rare Earths Project in return for a 49% interest in the Project;
- (ii) agreed to invest £12 million in the Project for the BFS in three tranches;
- (iii) will have an option to acquire a further 26% interest in the Project by arranging funding for Project development; and
- (iv) may acquire up to a 49% interest in Newco, such venture to be focused on neodymium alloy powders, magnet and other technologies, including the Company’s collaboration with Metalysis Limited, by investing £2 million in two tranches.

The first tranche of £2 million (C\$3.4 million) in respect of Talaxis’ investment in the Project is being placed in escrow by Talaxis, to be released to the Company within a period of two business days of final approval by the TSXV following receipt of Minority Approval. The second tranche of £3 million (C\$5.2 million) of the investment in the Project and the first tranche of £1 million (C\$1.7 million) of the investment in Newco will be invested within a period of two business days of final approval by the TSXV following receipt of Minority Approval.

(b) the purpose and business reasons for the transaction

The purpose of the Transaction is to advance the Company’s objective of development of the Songwe Project to become a global producer and supplier of rare earths and rare earth products in collaboration with financial or strategic partners.

The Company entered into a collaboration agreement with Noble Resources International Pte Ltd (“**Noble Resources**”), a wholly owned subsidiary of Noble Group Limited (“**Noble Group**”), in December 2016, the rationale being that Noble Group is a leading trader in Asian markets with deep knowledge of the Chinese market, which is a key market for both primary and downstream rare earth products. Under the collaboration agreement, Noble Resources provides a number of services to the Company including identifying optimal markets and counterparties for Mkango’s future metals production, product mix and logistics optimization strategies, and introductions to potential strategic partners to finance development of the Project and assistance in market-related discussions with key stakeholders.

Throughout 2017, the Company continued engaging with Noble Group and other parties to define a path to advancement of the Project, which ultimately resulted in Talaxis and the Company entering into the Agreement on November 16, 2017. Given that the Transaction enables further meaningful development of the Project without further cash outlay on the part of Mkango or equity dilution of existing Mkango shareholders, and also considering the uncertainty of the possibility of consummating a transaction with other counterparties, that, if forthcoming at all, would likely take considerable time to consummate and may not be on terms amenable to Mkango, the Company deemed the Transaction to be the best path forward to advancing the Project and its other business objectives in the circumstances.

(c) the anticipated effect of the transaction on the Company’s business and affairs

Upon completion of the Transaction, the Company expects to be fully funded to completion of a feasibility study on Songwe, and have funding in hand to progress its new venture focused on neodymium alloy powders, magnet and other technologies, including the Company’s collaboration with Metalysis Limited. The entering into of the Agreement therefore achieved a significant step forward in the Company’s development strategy to participate in the global supply chain of primary and downstream rare earth products. The partnership with Talaxis limits the potential equity dilution of shareholders of the Company in connection with Project development financing, and enables de-risking of the Project, while allowing the Company to retain a meaningful equity position, and provides a potential development partner for future ventures, including Newco.

(d) a description of (i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties, and (ii) the anticipated effect of the transaction on the percentage of securities of the Company, or of an affiliated entity of the Company, beneficially owned or controlled by each person referred to in subparagraph (i) for which there would be a material change in that percentage

See Item (a) above. Talaxis is the holder of 13.9% of the issued and outstanding shares of Mkango, as a result of which Talaxis is an “related party” of the Company, as defined under MI 61-101. In addition, Talaxis holds 12 million warrants of Mkango, which, upon exercise, could result in Talaxis holding 22.9% of the then-issued and outstanding shares of Mkango. Talaxis has agreed with Mkango that it will not exercise any warrants which would increase the holding of Talaxis in Mkango to 20% or more.

As a result of the Transaction, the Company does not anticipate any material change to the percentage of securities of the Company beneficially owned or controlled by Talaxis.

(e) a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the Company for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee

The Transaction was approved by the board of directors of the Company without the establishment of a special committee. No materially contrary view was expressed, nor was any abstention made, by any director of the Company.

(f) a summary, in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction

Not applicable. See Item (i) below.

(g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the Company that relates to the subject matter of or is otherwise relevant to the transaction (i) that has been made in the 24 months before the date of this Material Change Report, and (ii) the existence of which is known, after reasonable inquiry, to the Company or to any director or senior officer of the Company

Not applicable.

(h) the general nature and material terms of any agreement entered into by the Company, or a related party of the Company, with an interested party or a joint actor with an interested party, in connection with the transaction

The Company entered into the Agreement with Talaxis, as described above under Item (a) above.

(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the Company is relying under sections 5.5 and 5.7 of MI 61-101, respectively, and the facts supporting reliance on the exemptions.

The Company has relied on the *Exemption from Formal Valuation Requirement* under section 5.5(b) of MI 61-101 insofar as the Company has no securities listed on any of the stock exchanges enumerated therein. The Company will seek Minority Approval at a meeting of shareholders scheduled to be held on January 18, 2018.

Item 5 – Full Description of Material Change:

5.1 Full Description of Material Change

The material changes with respect to the Agreement and the related transactions are described in the Corporation's news releases attached hereto as Schedule "A", which press releases are incorporated by reference herein.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7 – Omitted Information

Not applicable.

Item 8 – Executive Officer:

Derek Linfield, Chairman
Telephone: +44-777-568-4605
Website: www.mkango.ca
Email: dlinfield@mkango.ca

Item 9 – Date of Report:

This report is dated December 13, 2017.

Schedule "A"



MKANGO RESOURCES LTD.
706 27 Avenue NW,
Calgary, Alberta T2M 2J3

MKANGO ENTERS INTO AGREEMENT WITH TALAXIS TO FUND DEVELOPMENT OF THE SONGWE HILL RARE EARTHS PROJECT IN MALAWI AND COMMERCIALISATION OF NEW MAGNET TECHNOLOGIES

London / Calgary: November 16, 2017 - Mkango Resources Ltd. (AIM/TSX-V: MKA) (the "**Company**" or "**Mkango**") is pleased to announce that it has entered into an agreement ("Agreement") with Talaxis Limited ("Talaxis"), a wholly owned subsidiary of Noble Group Limited:

- Talaxis has agreed to fully fund a bankable feasibility study ("BFS") for Mkango's Songwe Hill Rare Earths Project ("Songwe" or the "Project") in return for a 49% interest in the Project
- Talaxis will invest £12 million (C\$20 million) in the Project for the BFS in three tranches, with the first tranche of £2 million (C\$3.3 million) invested on receipt of regulatory approval
- Talaxis will also have the option ("Option") to acquire a further 26% interest in the Project by arranging funding for Project development
- Talaxis may also acquire up to a 49% interest in a new venture to be established by Mkango focused on neodymium alloy powders, magnet and other technologies, including Mkango's collaboration with Metalysis, by investing £2 million (C\$3.3 million) in two tranches
- Upon completion of the above investments, Mkango will retain a 25% interest in Songwe, free carried to production, and a 51% in interest in the new venture
- Talaxis and Mkango have agreed to cooperate as preferred partners on rare earths projects worldwide and on other projects in Malawi

William Dawes, Chief Executive Officer of Mkango, said: "This transaction is transformational for Mkango and for Malawi, and is a further endorsement of the Company's strategy and potential. This Agreement significantly strengthens our balance sheet whilst ensuring that the Company is fully funded to progress Songwe and our collaboration with Metalysis. It also comes at a pivotal time in the rare earth market with a very strong demand outlook for rare earths such as neodymium and praseodymium used in permanent magnets for electric vehicles, wind turbines and other clean technology applications. We are very excited to be working with Talaxis, and moving forward with the bankable feasibility study for Songwe and Phase II of the research and development programme with Metalysis."

Daniel Mamadou, Executive Director of Talaxis said: "The global push to decarbonize the economy is creating pressure on the supply of critical elements to the green tech sector. Environmental regulation and the policy changes are driving the price of technology metals. Supported by our access to global logistics capabilities, an extensive marketing network and a team of experienced professionals, Talaxis is pleased to enter into this agreement, which further strengthens our supply chain specialized in tech metal products."

The Agreement is summarised below:

Songwe Hill Rare Earths Project

Under the Agreement, Talaxis is entitled to receive a 49% interest in Mkango's subsidiary, Lancaster Exploration Limited ("Lancaster"), the licence holder for the Project, by investing an aggregate of £12 million (C\$20 million) in Lancaster in three tranches to complete the BFS, with the final tranche of £7 million being subject to the completion of a definitive Joint Venture Agreement. Subject to completion of the definitive Joint Venture Agreement, Talaxis will be granted the Option to acquire a further 26% interest in Lancaster by arranging funding for Project development, which, based on the pre-feasibility study prepared by the MSA Group (Pty) Ltd dated 1 December 2015, would total US\$216 million. If the Option is exercised, Mkango will hold a 25% interest in Lancaster, free carried until the Project commences production. The Agreement provides that the first tranche of the investment by Talaxis will be paid upon receipt of TSX Venture Exchange ("TSXV") approval for the transaction. Payment of the second tranche will be 45 days after such approval, and the payment of the third tranche is conditional on completion of the definitive Joint Venture Agreement in respect of Songwe and on Mkango publishing an updated 43-101 resource referred to below.

- £2,000,000 Phase 1 investment commitment for the Project to be invested on Mkango obtaining approval from the TSX Venture Exchange ("TSXV") for the Agreement, upon which Talaxis will receive a 8% interest in Lancaster.
- £3,000,000 Phase 2 investment commitment for the Project to be invested 45 days after Mkango obtains TSXV approval, upon which Talaxis will receive an additional 12% interest in Lancaster.
- The use of proceeds will fund the first phase of the BFS including infill, geotechnical and exploration drilling, bulk sampling, processing flow sheet optimisation, work in relation to the Environmental, Social and Health Impact Assessment ("ESHIA") and other expenditures.
- £7,000,000 Phase 3 investment commitment for the Project to be invested, subject to Talaxis and Mkango completing the definitive Joint Venture Agreement, on Mkango publishing an updated 43-101 resource, upon which Talaxis will receive a further 29% interest in the Project. The use of proceeds will be to fund completion of the BFS.
- Upon completion of the BFS, and subject to Talaxis and Mkango completing the definitive Joint Venture Agreement, Talaxis will have the Option to acquire a further 26% interest in the Project and offtake rights for 100% of production from the Project (subject to Newco (see below) having the option to retain such amount of offtake as required for Newco's downstream manufacturing activities) in consideration of Talaxis arranging funding for 100% of remaining project development costs, including funding the equity component thereof.

New Venture ("Newco")

In addition, by investing a further £2 million (C\$3.3 million) in two tranches, Talaxis will receive a 49% interest in Newco to be established by Mkango to further develop, commercialise and market production in relation to new rare earth alloy powder, magnet and other technologies geared to accelerating growth in the electric vehicle market. The use of proceeds includes expenditure under the previously announced agreement with Metalysis focused on advanced alloys using neodymium or praseodymium with other elements for magnet development and potential 3D printing applications. Upon completion of the investments, Mkango will hold a 51% interest in Newco. The Agreement provides that the first tranche of the investment by Talaxis will be paid within 45 days of receipt of TSXV approval for the transaction. Payment of the second tranche is conditional on completion of a definitive Investment Agreement in respect of Newco and successful completion of the Phase II R&D programme referred to below.

- £1,000,000 Phase 1 investment commitment for Newco to be invested 45 days after Mkango obtains TSXV approval for the Agreement, upon which Talaxis will receive a 24.5% interest in Newco. The use of proceeds will be to fund the Phase II research and development (“R&D”) programme with Metalysis and other expenditures.
- £1,000,000 Phase 2 investment commitment for Newco to be invested, subject to Talaxis and Mkango completing the definitive Investment Agreement, on successful completion of the Phase II R&D programme with Metalysis, upon which Talaxis will receive a 24.5% interest in Newco. The use of proceeds will be to fund the R&D programme with Metalysis and other expenditures.

Under the terms of the Agreement, Talaxis will be Mkango’s preferred partner for all rare earths’ projects worldwide and for all activities of any sort in Malawi. Talaxis will be granted a right of first offer to finance any such activities of Mkango (including in respect of any of the current assets of Lancaster other than Songwe). Mkango will be Talaxis’ preferred partner for all rare earths’ projects worldwide. All such opportunities will be offered to Mkango on a 50/50 shared economics basis, with Mkango being entitled to participate to any level that it chooses.

The definitive agreements are expected to be completed by January 31, 2017. The transaction is subject to the receipt of all necessary regulatory approvals including the approval of the TSXV and satisfaction of any conditions which it may impose.

Related Party Transaction

Talaxis is the holder of 14.4% of the issued and outstanding shares of Mkango. As such, Talaxis is a Non Arm’s Length Party pursuant to applicable rules of the TSXV. In addition, Talaxis holds 12 million warrants of Mkango, which, upon exercise, could result in Talaxis holding 23.7% of the then-issued and outstanding shares of Mkango. Talaxis has agreed with Mkango that it will not exercise any warrants which would increase the holding of Talaxis in Mkango to 20% or more.

Talaxis is also considered to be a “related party” as defined under the AIM Rules and accordingly, Talaxis’ investments in both Lancaster and Newco constitute a related party transaction for the purposes of Rule 13 of the AIM Rules.

The Directors independent of the transaction, being the Board as a whole, consider, having consulted with SP Angel Corporate Finance LLP, the Company’s nominated adviser, that the terms of the Agreement are fair and reasonable insofar as the Company’s shareholders are concerned.

Finder’s Fee

Subject to acceptance by the TSXV, Mkango proposes to pay a cash finder’s fee of 2% of the amount of each investment to Zenith Advisory Services Pty Ltd. in connection with the transactions contemplated in the Agreement, payable within an agreed period of time following the completion of each phase of the investments.

About Talaxis

Talaxis Limited is a company, currently wholly owned by Noble Group, involved in the investment and development of resources which are critical to green technology supply chains, including cobalt, lithium, and rare earths. Talaxis is also involved in the research and development of industrial applications related to energy solutions providers and permanent magnets consumers. Noble Group (SGX: CGP) manages a portfolio of global supply chains covering a range of industrial and energy products. Noble facilitates the marketing, processing,

financing and transportation of essential raw materials. For more information please visit www.thisisnoble.com.

About Mkango Resources Limited

Mkango's primary business is the exploration for rare earth elements and associated minerals in the Republic of Malawi, a country whose hospitable people have earned it a reputation as “the warm heart of Africa.” Mkango holds, through its wholly owned subsidiary Lancaster, a 100% interest in two exclusive prospecting licenses in southern Malawi, the Phalombe licence and the Thambani licence.

The main exploration target in the Phalombe licence is the Songwe Hill rare earths’ deposit, which features carbonatite hosted rare earth mineralisation and was subject to previous exploration in the late 1980s. Mkango completed an updated Pre-feasibility Study for the project in November 2015.

In September 2017, Mkango signed a binding joint venture principles and exclusivity agreement with Metalysis for advanced alloys using neodymium or praseodymium with other elements for magnet manufacturing. Following successful Phase I production of a neodymium-iron-boron (“NdFeB”) alloy powder using Metalysis’ solid-state technology, the Phase II R&D programme has commenced. NdFeB alloys are used to make permanent magnets, critical components of most electric vehicles, direct drive wind turbines and many other high growth applications. Neodymium is a key rare earth component at Songwe.

The main exploration targets in the Thambani licence are uranium, niobium, tantalum and zircon.

For more information, please visit www.mkango.ca.

Cautionary Note Regarding Forward-Looking Statements

This news release may contain forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Such factors and risks include, without limiting the foregoing, delays in obtaining financing or governmental or stock exchange approvals. The forward-looking statements contained in this press release are made as of the date of this press release. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additionally, the Company undertakes no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above.

For further information on Mkango, please contact:

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The TSX Venture Exchange has neither approved nor disapproved the contents of this press release. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any equity or other securities of the Company in the United States. The securities of the Company will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the U.S. Securities Act.



Mkango Announces Conditional Acceptance of Talaxis Transaction by TSX Venture Exchange Subject Only to Shareholder Approval

LONDON, CALGARY, Dec. 11, 2017 -- Mkango Resources Ltd. (AIM:MKA) (TSX-V:MKA) (the "**Company**" or "**Mkango**") is pleased to announce that the TSX Venture Exchange ("TSXV") has conditionally accepted the transaction ("Transaction") announced on 16 November 2017 with Talaxis Limited ("Talaxis"), a wholly owned subsidiary of Noble Group Limited, subject to shareholder approval, such vote to exclude the shares in Mkango held by Talaxis ("Minority Approval").

Pursuant to the agreement in respect of the Transaction (the "Agreement"):

- Talaxis will invest £12 million (C\$20.7 million) in three tranches to fully fund a feasibility study for ("Songwe" or the "Project") in return for a 49% interest in the Project, in addition to £2 million (C\$3.4 million) in two tranches in return for a 49% interest in a new venture ("Newco") to be established by Mkango focused on neodymium alloy powders, magnet and other technologies.
- The first and second tranches, totaling £5 million (C\$8.6 million), of the investment into the Project will be invested following receipt of Minority Approval, to be sought at a meeting ("Meeting") scheduled for January 18, 2018. The first tranche of £2 million (C\$3.4 million) is being placed into escrow by Talaxis pending the Meeting.
- The first tranche of the investment into Newco, totalling £1 million (C\$1.7 million), will also be invested on receipt of Minority Approval.
- Therefore a total of £6 million (C\$10.3 million) will be invested by Talaxis on Minority Approval and a further £8 million (C\$13.8 million) will be invested on completion of the definitive documentation and according to the milestones in the Agreement, following which Talaxis will hold a 49% interest in each of the Project and Newco.
- Talaxis will also have the option ("Option") to acquire a further 26% interest in the Project by arranging funding for Project development, following which Mkango would hold a 25% interest in the Project, free carried until commencement of production.
- Talaxis and Mkango have agreed to cooperate as preferred partners on rare earths projects worldwide and on other projects in Malawi.

Mkango will be releasing further information in relation to the Meeting in due course.

William Dawes, Chief Executive Officer of Mkango, said: "We are very pleased to announce conditional acceptance by the TSX Venture Exchange, following which we have a definitive timetable for the transaction. On shareholder approval and receipt of £6 million investment by Talaxis, the Company will commence the initial phase of the feasibility study, including mobilization for an extensive infill, geotechnical and exploration drilling programme starting in the second quarter of 2018, in parallel with ongoing processing flow sheet optimisation and work in relation to the Environmental, Social and Health Impact Assessment. We look forward to updating the market in relation to the transaction and Mkango's other projects in Malawi, the Thambani uranium-tantalum-niobium project and Chimimbi Hill nickel-cobalt project."

Transaction Summary

In relation to the Songwe Hill Rare Earths Project, the Transaction is summarised as follows:

- £2,000,000 Phase 1 investment commitment for the Project will be released from escrow and invested in Mkango's subsidiary, Lancaster Exploration Limited ("Lancaster"), the licence holder for the Project, on Mkango obtaining acceptance from the TSXV for the Agreement following receipt of Minority Approval ("TSXV Acceptance"), upon which Talaxis will receive an 8% interest in Lancaster.
- £3,000,000 Phase 2 investment commitment for the Project will be invested on Mkango obtaining TSXV Acceptance, upon which Talaxis will receive an additional 12% interest in Lancaster.
- £7,000,000 Phase 3 investment commitment for the Project to be invested subject to completion of the definitive documentation for the transaction and on Mkango publishing an updated 43-101 resource, upon which Talaxis will receive a further 29% interest in the Project.
- Upon completion of the feasibility study, and subject to completion of the definitive documentation for the transaction, Talaxis will have the Option to acquire a further 26% interest in the Project and offtake rights for 100% of production from the Project (subject to Newco (see below) having the option to retain such amount of offtake as required for Newco's downstream manufacturing activities) in consideration of Talaxis arranging funding for 100% of remaining

project development costs, including funding the equity component thereof.

In relation to Newco, the Transaction is summarised as follows:

- £1,000,000 Phase 1 investment commitment for Newco to be invested on Mkango obtaining TSXV Acceptance following receipt of minority approval, upon which Talaxis will receive a 24.5% interest in Newco.
- £1,000,000 Phase 2 investment commitment for Newco to be invested subject to completion of the definitive documentation for the transaction and, on successful completion of the Phase II R&D programme with Metalysis, upon which Talaxis will receive a further 24.5% interest in Newco.

Under the terms of the Agreement, Talaxis will be Mkango's preferred partner for all rare earths' projects worldwide and for all activities of any sort in Malawi. Talaxis will be granted a right of first offer to finance any such activities of Mkango (including in respect of any of the current assets of Lancaster other than Songwe). Mkango will be Talaxis' preferred partner for all rare earths' projects worldwide. All such opportunities will be offered to Mkango on a 50/50 shared economics basis, with Mkango being entitled to participate to any level that it chooses.

Related Party Transaction and Multilateral Instrument 61-101 ("MI 61-101")

Talaxis is the holder of 13.9% of the issued and outstanding shares of Mkango. As such, Talaxis is a Non Arm's Length Party pursuant to applicable rules of the TSXV, as well as a "related party" pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). In addition, Talaxis holds 12 million warrants of Mkango, which, upon exercise, could result in Talaxis holding 22.9% of the then-issued and outstanding shares of Mkango. Talaxis has agreed with Mkango that it will not exercise any warrants which would increase the holding of Talaxis in Mkango to 20% or more.

Pursuant to MI 61-101, the Transaction is subject to disinterested shareholder approval (i.e., approval by a majority of the votes cast at the Meeting, excluding any shares held by Talaxis, its affiliates and joint actors).

Talaxis is also considered to be a "related party" as defined under the AIM Rules and accordingly, Talaxis' investments in both Lancaster and Newco constitute a related party transaction for the purposes of Rule 13 of the AIM Rules.

The Directors independent of the Transaction, being the Board as a whole, consider, having consulted with SP Angel Corporate Finance LLP, the Company's nominated adviser, that the terms of the Agreement are fair and reasonable insofar as the Company's shareholders are concerned.

About Talaxis

Talaxis Limited is a company, wholly owned by Noble Group, involved in the investment and development of resources which are critical to green technology supply chains, including cobalt, lithium, and rare earths. Talaxis is also involved in the research and development of industrial applications related to energy solutions providers and permanent magnets consumers. Noble Group (SGX:CGP) manages a portfolio of global supply chains covering a range of industrial and energy products. Noble facilitates the marketing, processing, financing and transportation of essential raw materials. For more information please visit www.thisisnoble.com.

About Mkango Resources Limited

Mkango's primary business is the exploration for rare earth elements and associated minerals in the Republic of Malawi, a country whose hospitable people have earned it a reputation as "the warm heart of Africa". The Company holds three exclusive prospecting licenses in Malawi, the Phalombe licence, the Thambani licence and the Chimimbe Hill licence.

The main exploration target in the Phalombe licence is the Songwe Hill rare earths' deposit, which features carbonatite hosted rare earth mineralisation and was subject to previous exploration in the late 1980s. Mkango completed an updated Pre-feasibility Study for the project in November 2015.

In November 2017, Mkango entered into an agreement with Talaxis, a wholly owned subsidiary of Noble Group Limited, whereby, subject to regulatory approval, Talaxis will fully fund a feasibility study for Songwe by investing £12 million (C\$20 million) for a 49% interest in the project. Talaxis will also have the option to acquire a further 26% interest in the project by arranging funding for project development.

In addition, by investing a further £2 million (C\$3.3 million), Talaxis may acquire a 49% interest in a new venture to be established by Mkango focused on neodymium alloy powders, magnet and other technologies. This includes the collaboration with Metalysis Ltd announced in September 2017, which is focused on advanced alloys using neodymium or praseodymium with other elements for permanent magnet manufacturing.

Permanent magnets are critical materials for most electric vehicles, direct drive wind turbines and many other high growth applications. Neodymium is a key rare earth component at Songwe.

Talaxis and Mkango have also agreed to cooperate as preferred partners on rare earths projects worldwide and on other

projects in Malawi.

The main exploration targets of Mkango's remaining two licences are, in the Thambani licence, uranium, niobium, tantalum and zircon and, in the Chimimbe Hill licence, nickel and cobalt.

For more information, please visit www.mkango.ca.

Cautionary Note Regarding Forward-Looking Statements

This news release contains forward-looking statements (within the meaning of that term under applicable securities laws) with respect to Mkango, its business and the Project. Generally, forward looking statements can be identified by the use of words such as "plans", "expects" or "is expected", "scheduled", "estimates" "intends", "anticipates", "believes", or variations of such words and phrases, or statements that certain actions, events or results "can", "may", "could", "would", "should", "might" or "will", occur or be achieved, or the negative connotations thereof. Forward looking statements in this news release include statements with respect to the global market for products using the rare earth metals the Company is exploring for, completion of the feasibility study and of the transactions contemplated in the Agreement, as well as the use of proceeds from the investments into the Company by Talaxis and the timing of such expenditures. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Such factors and risks include, without limiting the foregoing, market demand for the metals and associated downstream products for which Mkango is exploring, researching and developing, the positive results of a feasibility study on the Project, delays in obtaining financing or governmental or stock exchange approvals. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additionally, the Company undertakes no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above.

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