

INVESTMENT AGREEMENT

This Investment Agreement ("**Agreement**") entered into effective as of this 16th day of November 2017.

By and Between:

TALAXIS LIMITED, a company incorporated in British Virgin Islands with registered address at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands ("**Talaxis**");

and

MKANGO RESOURCES LIMITED, a company incorporated in Alberta, Canada, with registered address at 706 27 Avenue NW, Calgary, Alberta, T2M 2J3 ("**Mkango**" and together with "**Talaxis**", the "**Parties**").

WHEREAS:

- A. Mkango (i) is developing the Songwe Hill Rare Earths project (the "**Project**") located in the Phalombe Exclusive Prospecting Licence EPL 284 (the "**Licence**") in Malawi which is held by Mkango's wholly owned subsidiary, Lancaster Exploration Limited ("**Lancaster**"), a company incorporated under the laws of the BVI; and (ii) has entered into an agreement with Metalysis Limited ("**Metalysis**") in relation to the establishment of a joint venture between Mkango and Metalysis (the "**Metalysis Joint Venture**") to develop new rare earth alloy powders and magnet technologies and production facilities, whereby Mkango will hold 85% of the Metalysis Joint Venture and Metalysis will hold 15%.
- B. Talaxis wishes to make staged investments totaling (i) £12m in Lancaster; and (ii) £2m in a new company ("**Newco**") to be established by Mkango to hold Mkango's interest in the Metalysis Joint Venture, it being expected that such Newco will, in addition to participating in the joint venture with Metalysis, build capabilities in the rare earth alloy and magnet market, market any production arising from the Metalysis collaboration and market production of other third party sources of magnets (such investments together, the "**Transaction**").
- C. Under the rules of the Toronto Venture Exchange (the "**TSX-V**"), implementation of the Transaction will require approval of the TSX-V ("**TSX-V Approval**") which may require the prior approval of a majority of the shareholders of Mkango excluding Talaxis (and any affiliated parties of Talaxis).

NOW THEREFORE it is agreed as follows:

1. Provided that there will have been no material adverse change in the business, activities, assets, operations, properties, condition (financial or otherwise) of Mkango from the date hereof, upon Mkango obtaining TSX-V Approval to Talaxis' satisfaction, acting reasonably:
 - a. Talaxis will transfer £2m, being the "**Phase 1 Songwe Expenditure Commitment**", to Lancaster (or if Lancaster does not have a bank account, into a segregated bank account of Mkango where the funds are held in trust under the signing authority of Lancaster Board) on the fourth Business Day after TSX-V Approval, whereupon Lancaster will issue to Talaxis A Shares in Lancaster such that Talaxis holds, after such issuance, all of the A Shares in Lancaster, which will represent 8% of the then outstanding shares of Lancaster;
 - b. Talaxis will transfer £3m, the "**Phase 2 Songwe Expenditure Commitment**", to Lancaster on the 45th day (or the next following Business day if such day is not a Business Day) after TSX-V Approval, whereupon Lancaster will issue to Talaxis A Shares in Lancaster such that Talaxis holds, after such issuance, 20% of the then outstanding shares of Lancaster;
 - c. Talaxis will transfer £1m, being the "**Phase 1 Newco Investment**", to Newco on the 45th day (or the next following Business Day if such day is not a Business Day) after TSX-V Approval, whereupon Newco will issue to Talaxis A Shares in Newco such that Talaxis holds, after such issuance, all of the A Shares in Newco, which will represent 24.5% of the then outstanding shares of Newco.
2. Prior to the issuance of the A Shares of Lancaster to Talaxis pursuant to clause 1.a):
 - a. Lancaster will adopt new articles to give effect to the following:
 - i. the share capital of Lancaster will be divided into A Shares and B Shares, each share having identical properties other than in respect of the right to appoint directors to the board of Lancaster as set out in (ii)(with Talaxis being issued A Shares and Mkango holding B Shares);
 - ii. A Shares will be entitled to elect 2 members and B Shares shall be entitled to elect 2 members to the Board of Lancaster, with the B Shares being entitled to appoint a Chairman with a deciding vote; and
 - iii. no dividend of Lancaster can be declared without the unanimous consent of the Board of Lancaster.
 - b. Mkango will agree with Lancaster and Talaxis that all intercompany debt between Lancaster and Mkango will only be repayable in such amounts

as shall be equal per share to any dividend declared on the A Shares and that such debt will be cancelled if the benefit of the debt is transferred by Mkango to a third party.

3. Until all intercompany debt from Lancaster to Mkango will be repaid in accordance with clause 2.b), no dividend will be declared on the A Shares unless an equal amount for each B Share held by Mkango is used to repay intercompany debt owed from Lancaster to Mkango.
4. The expenditure incurred by Mkango for the Phase II R&D programme under the Metalysis Joint Venture up to the date of this Agreement and expenditures incurred by Mkango in relation to the business of Newco subsequent to the date hereof and prior to receipt of the Phase 1 Newco Investment will be paid to Mkango from the Phase 1 Newco Investment upon its receipt.
5. The definitive agreements for the Transaction (the “**Definitive Agreements**”) will be negotiated in good faith by the Parties to give effect to the terms of this Agreement and will comprise:
 - a. a joint venture agreement (the “**Songwe Joint Venture Agreement**”) between Mkango and Talaxis in respect of Lancaster and the development of the Project; and
an investment agreement (the “**Newco Investment Agreement**”) in respect of Newco and the Metalysis Joint Venture.
6. The Songwe Joint Venture Agreement will be limited to matters relating to the development of the Project. It is acknowledged by Talaxis that there are additional assets in Lancaster which will be financed separately than the Project and, after considering tax efficient structuring options and issues relating to the transfer of licenses in Malawi, may have to be transferred to a separate vehicle with any transfer proceeds being for the account of Mkango. These assets will be held in trust for Mkango and any intercompany debt applicable to the financing of such assets will be cancelled. To the extent that Lancaster acquires additional assets that are not related to Songwe, these assets will be held in trust solely for Mkango and Mkango will be responsible for any financing of any assets held in trust by Lancaster for it.
7. The “**Long Stop Date**” shall be 180 days after the date hereof.
8. Under the Songwe Joint Venture Agreement:
 - a. Talaxis will be entitled to earn up to 75% interest in the Project (which shall include the 20% of Lancaster earned by making the Phase 1 Songwe Expenditure Commitment and the Phase 2 Songwe Expenditure Commitment (as set out in clauses 1.a) and 1.b)) by investing in Lancaster as follows:

- i. Upon the Phase 1 Songwe Expenditure Commitment and the Phase 2 Songwe Expenditure Commitment being expended on the Project in accordance with a budget agreed between Mkango and Talaxis and subject to Mkango publishing an updated 43-101 compliant resource, Talaxis will make a further investment of £7m in Lancaster (the “**Phase 3 Expenditure Commitment**”) for A Shares in Lancaster such that after such issuance of shares, Talaxis shall hold 49% of the issued shares of Lancaster.
 - ii. Upon the Phase 3 Expenditure Commitment being expended on the Project in accordance with a budget agreed between Mkango and Talaxis and if further expenditure is required to complete a bankable “feasibility study” (as defined in NI 43-101) for a project development acceptable to the board of Lancaster, Talaxis will fund the required further expenditure to complete such feasibility study, such amounts to be provided by way of a project loan from Talaxis to be repaid out of cash flow from the Project following project development.
 - iii. Upon completion of the bankable feasibility study, Talaxis will have the option to acquire (i) further shares in Lancaster such that after such issuance it will hold 75% of the shares of Lancaster and (ii) offtake rights on commercial terms for similar offtake agreements in the industry for 100% of production from the Project (subject to Newco having the option to retain such amount of offtake as required for Newco’s downstream manufacturing activities in connection with the Metalysis Joint Venture) in consideration of Talaxis arranging funding for 100% of remaining project development costs, including funding the equity component thereof through Lancaster, with, in no case, Mkango being diluted below 25% of Lancaster and Lancaster retaining its 100% equity interest in the Project (subject to any dilution required under Malawi law or conditions imposed on Lancaster in the licensing process or otherwise, that the Government of Malawi participate, or another third party be required to participate, in the Project).
- b. 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 that are not part of the Project).

- c. 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.
- d. Upon Talaxis exercising its option under sub-clause 8(a.iii), Talaxis shall be entitled to solely determine the form of the financing for the Project provided that, subject to the terms of sub clause 8(a.iii), such financing is with a third party on arm's length terms. Mkango shall procure any directors nominated by Mkango in Lancaster will not act or vote against Talaxis' decision or plan with respect to financing of the Project.
- e. The terms of Clauses 9, 10 and 24 below will be incorporated therein.
- f. Share transfers in Lancaster by a Party to one of its subsidiaries, its holding company or other subsidiary of its holding company will be permitted without the consent of the other Party.
- g. If any Party wished to transfer any of its interests in Lancaster to a third party the non-transferring Party shall have, subject to sub-clause (f), a right of first offer in respect of such interest.
- h. Customary tag along rights will be provided for both Parties.
- i. Unless agreed otherwise, Mkango will be the sole point of contact with the Government of Malawi for all communications and will lead the process for the Licence renewals, the conversion to a mining licence and the negotiation of a development agreement.
- j. Without the unanimous consent of the Board of Lancaster, no action can be taken by Lancaster in respect of:
 - i. changes to its articles;
 - ii. the winding up of the company or any subsidiary;
 - iii. any creation, issuance, purchase, redemption or other reorganisation or alteration of its share or loan capital or any other transactions resulting in, or which may result in, the dilution of its shareholders or may have an impact on the substance of its issued shares (including, without limitation, mergers, spin offs, capital contributions in cash or in kind, issuance of securities convertible or exchangeable into shares);
 - iv. the sale of all or a material portion of its assets (5%);
 - v. the creation of any debt, other than any debt specifically provided for in the Agreement such as under clause 8(a.ii) and a.iii) and any

- debt under the financing of the Project under 8(d), or otherwise arising as trade debt in the normal course of operations; and
- vi. such other matters as may be reasonably agreed

9. From the date hereof until the later of:
 - a. the third anniversary of the date hereof; and
 - b. if the Parties enter into the Songwe Joint Venture Agreement, the date on which the Songwe Joint Venture Agreement is terminated

Mkango will be Talaxis' preferred partner for all activities of any type in Malawi (a "**project**"). All such projects shall be offered to Mkango on a 50/50 shared economics basis (with not less than 90 days for Mkango to indicate whether it wishes to participate), with Mkango being entitled to participate to any level (up to 50% of the project) that it chooses. If Mkango declines to participate in any project (and provided that, if requested by Talaxis, Mkango provides such assistance to Talaxis in respect of the project as is reasonably requested), Mkango will receive a gross revenue royalty of 3% for any such project and shall be compensated for any expenses incurred by it in, and reasonable consulting fees for, providing such assistance. Talaxis shall procure that Noble Group Limited ("**Noble**") complies with this clause as if it was Talaxis and Talaxis will, and will procure that Noble will, enforce any law or agreement available to it to require that any employee or consultant of it who was made aware of the Project through their connection with the Transaction or though actively working on matters relating to Lancaster or the Project not undertake any activity or project in Malawi without offering Mkango its interest as above.

10. Talaxis shall not circumvent Mkango with respect to the Licence or apply to the Government of Malawi for the Licence area or a portion thereof or for any other mineral licences in Malawi or acquire other projects in Malawi on any matter unless otherwise agreed by Mkango. Talaxis shall procure that Noble complies with this clause as if it was Talaxis and Talaxis will, and will procure that Noble will, enforce any law or agreement available to it to require that any employee or consultant of it who was made aware of the Project through their connection with the Transaction or though actively working on matters relating to Lancaster or the Project shall not circumvent Mkango with respect to the matters set out above.
11. During the term of this Agreement, Mkango shall not take any action with respect to the financing of the Project which is not otherwise contemplated herein without the consent of Talaxis.
12. In consideration of the Parties committing time and expense to considering and negotiating the Transaction, before the Long Stop Date, the Parties will not discuss or negotiate with or provide any assistance to any third party who may wish to enter into a transaction similar to that outlined in this Agreement.

13. Subject to entering into the Songwe Joint Venture Agreement, Talaxis will be entitled to enter into the Newco Investment Agreement and earn up to a 49% interest in Newco.
14. Prior to the issuance of the A Shares of Newco to Talaxis pursuant to clause 1.c):
- a. Newco will be incorporated with articles to give effect to the following:
 - i. the share capital of Newco will be divided into A Shares and B Shares, each share having identical properties other than in respect of the right to appoint directors as set out in (ii) (with Talaxis being issued A Shares and Mkango holding B Shares);
 - ii. A Shares will be entitled to elect 2 members and B Shares shall be entitled to elect 2 members to the Board of Newco, with the B Shares being entitled to appoint a Chairman with a deciding vote; and
 - iii. no dividend of Newco can be declared without the unanimous consent of the Board of Newco.
15. Under the Newco Investment Agreement:
- a. Upon the Phase 1 Newco Investment being expended in accordance with the budget agreed between Mkango and Talaxis and subject to successful completion of the Phase II R&D programme under the Metalysis Joint Venture, Talaxis will proceed with a further investment of £1,000,000 in Newco (the “**Phase 2 Newco Investment**”) upon the issuance to Talaxis of A Shares in Newco such that Talaxis holds, after such issuance, 49% of the then outstanding shares of Newco.
 - b. Upon the Phase 2 Newco Investment being expended in accordance with the budget agreed between Mkango and Talaxis and if further expenditure is required to complete a bankable feasibility study for the project in the form acceptable to the board of Newco, Talaxis will fund such further expenditure to complete the bankable feasibility study for the project, such funding to be provided by way of a project loan to be repaid out of cash flow following project development. The loan shall bear interest at the rate of LIBOR plus two per cent.
 - c. Other than as set out above, the preferred route for funding for Newco following completion of the bankable feasibility study will be by way of debt from third parties (over which Talaxis will have a right of first refusal should it wish to finance Newco with debt). If debt financing cannot be arranged on terms acceptable to the board of Newco, the board shall be entitled to make a cash call on Mkango and Talaxis. The Newco

Investment Agreement will contain appropriate dilution provisions if a Party cannot or does not wish to participate in the cash call.

- d. Share transfers in Newco by a Party to one of its subsidiaries, its holding company or other subsidiary of its holding company will be permitted without the consent of the other Party.
- e. Customary tag along rights will be provided for both Parties.
- f. If any Party wished to transfer any of its interests in Newco to a third party the non-transferring party shall have, subject to sub clause (d) of this clause, a right of first offer in respect of such interest.
- g. The terms of clause 16 below will be incorporated therein.
- h. Without the unanimous consent of the Board of Newco, no action can be taken by Newco in respect of:
 - i. changes to its articles;
 - ii. the winding up of company or any subsidiary;
 - iii. any creation, issuance, purchase, redemption or other reorganisation or alternation of its share or loan capital or any other transactions resulting in, or which may result in, the dilution of its shareholders or may have an impact on the substance of its issued shares (including, without limitation, mergers, spin offs, capital contributions in cash or in kind, issuance of securities convertible or exchangeable into shares);
 - iv. the sale of all or a material portion of its assets (5%);
 - v. the creation of any debt, save as provided herein, or otherwise arising as trade debt in the normal course of operations; and
 - vi. such other matters as may be reasonably agreed.

16. Talaxis shall not circumvent Mkango with respect to any matter involving Metalysis and shall not contact Metalysis directly on any matter unless otherwise agreed by Mkango. Talaxis shall procure that Noble complies with this clause as if it was Talaxis and Talaxis will, and will procure that Noble will, enforce any law or agreement available to it to require that any employee or consultant of it who was made aware of the Metalysis Joint Venture through their connection with the Transaction or though actively working on matters relating to Newco or the Metalysis Joint Venture not circumvent Mkango as set out above.

17. The Parties will use all reasonable efforts to conclude the negotiation of, and to execute, the Definitive Agreements on or before the Long Stop Date. The Parties acknowledge that this Agreement does not contain all of the material terms and

conditions that are necessary under the Definitive Agreements, and that such material terms and conditions shall be set forth only in the Definitive Agreements that the Parties may (but shall not be obligated to) subsequently execute following the receipt of all necessary internal management approvals by each Party.

18. Subject to the terms and conditions of this Agreement, the Parties agree to proceed with the negotiation of the Definitive Agreements in good faith provided, however, that the Parties are not obligated to agree to any terms or conditions proposed by the Parties, and either Party may propose new terms and conditions and suggest alterations to the terms and conditions during such negotiation.
19. This Agreement shall be effective as of the date hereof and, unless extended or earlier terminated in accordance with its terms, shall automatically expire upon the earlier of (i) the date on which all of the Definitive Agreements have been executed by the Parties thereto or (ii) the Long-Stop Date; provided, that the Long-Stop Date may be extended by the mutual written agreement of the Parties so as to enable the Parties to conclude the negotiation of the Definitive Agreements.
20. Clauses 21 shall survive termination of this Agreement. Clauses 9, 10, 16, 22 shall survive termination of this Agreement if this Agreement is terminated in accordance with clause 19(ii).
21. Talaxis will pay directly to Mkango's legal counsel fees and expenses reasonably incurred with respect to the negotiation and entering into of this Agreement, the Definitive Agreements and ancillary documentation relating to the Transaction. These fees will be capped at £190,000 for all fees incurred in the period ending 75 days from the date hereof. If the Transaction does not proceed to Definitive Agreements, the fees will be capped at £100,000 plus any amount incurred above £190,000 after the date which is 75 days after the date hereof. In addition, Talaxis will pay the reasonable fees of BVI and Malawi counsel.
22. In consideration of Mkango disclosing Confidential Information to Talaxis, Talaxis hereby undertakes for a period of five years from the date of this Agreement:
 - a. to keep confidential all Confidential Information that it may acquire in any manner;
 - b. to use such Confidential Information exclusively for the purpose of negotiating the Definitive Documents and entering into the Transaction (the "**Permitted Purpose**") and not to use the Confidential Information for its own purposes or benefit;

- c. not to disclose such Confidential Information to anybody, except to authorized employees or other agents of Talaxis who need to have access to the Confidential Information for the purpose of carrying out their duties in connection with the Permitted Purpose;
 - d. to inform everybody to whom it discloses Confidential Information that it is confidential and obtain their agreement to keep it confidential on the same terms as this Agreement;
 - e. to keep safe any drawings, documents, samples or materials provided on loan by Mkango, not to reproduce, part with possession of, modify or otherwise interfere with such items, to return them immediately upon Mkango's request and in any event spontaneously when no longer required for the purposes of this Agreement; and
 - f. to notify Mkango immediately upon becoming aware of any breach of confidence by anybody to whom Talaxis has disclosed the Confidential Information and give all necessary assistance in connection with any steps which Mkango may wish to take to prevent, stop or obtain compensation for such breach or threatened breach.
23. For the purposes of Clause 22, "Confidential Information" means any and all information, whether oral or written and whether commercial or technical relating to the business of Mkango (including all such information about the business of Metalysis disclosed by Mkango), including without limitation, know-how, data, processes, designs, photographs, drawings, specifications, software programs and samples, whether or not marked with an indicator such as "Confidential" or "Proprietary" (and shall include the existence of this Agreement), but excluding information which:
- a. is or comes into the public domain otherwise than by disclosure or default by Talaxis;
 - b. was or is lawfully obtained or available from a third party who was lawfully in possession of the same and free to disclose it; or
 - c. was already known to Talaxis as evidenced by written record pre-dating such disclosure.
24. From the date hereof until the later of:
- a. the fifth anniversary of the date hereof; and
 - b. if the Parties enter into the Songwe Joint Venture Agreement, the date on which the Songwe Joint Venture Agreement is terminated,

- Talaxis shall not, without the consent of Mkango, sell, transfer or otherwise dispose of the legal or beneficial ownership of securities of Mkango to any party, or agree to do so, or vote or allow to be voted such securities, in connection with a take-over bid or other transaction by any party to acquire control of Mkango.
25. This Agreement represents the entire understanding and agreement of the Parties and supersedes any prior communications, agreements and understandings between the Parties relating to the subject matter hereof. All prior correspondence, memoranda, agreements, or understandings (written or oral) with respect to the subject matter hereof are superseded by this Agreement.
26. This Agreement may not be modified, amended or waived except by a written instrument duly executed by both Parties. No failure or delay by either Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.
27. No Party, its subsidiaries, its holding companies or the subsidiaries of its holding companies may make any public announcement relating to the Transaction, the Definitive Agreements, this Agreement or any information contained in them unless the other Party consents to that announcement or that announcement is required pursuant to any existing laws or regulations (in which case the Party making the announcement shall use its reasonable endeavours to notify the other Party as soon as is reasonably practicable of its obligation to make such an announcement and of the contents of the announcement).
28. Unless assigned by a Party to an affiliate, this Agreement may not be assigned by either Party without the prior written consent of the other Party and shall be binding on, and inure to the benefit of, the respective successors and permitted assigns of the Parties hereto. Either Party may assign and transfer all or any part of its rights and obligations under this Agreement to any of its affiliates; provided, however, that such assignment shall not alter the liability of the assigning Party for its obligations under this Agreement, and provided that such Party shall provide not less than thirty (30) days prior written notice to the other Party of such assignment.
29. **“Business Day”** shall be a day in which banks are open for business in Jersey and Singapore. This Agreement may be signed in two (2) or more counterpart originals, each of which shall constitute an original document and all of which collectively shall be deemed one and the same instrument.

30. All demands, notices and other communications made pursuant to this Agreement shall be in writing and delivered personally or mailed recorded delivery, postage prepaid, or sent by facsimile, to the address set out above.
31. Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by facsimile or e-mail shall be effective upon actual receipt if received during recipient's normal business hours or at the beginning of recipient's next business day after receipt if not received during recipient's normal business hours. Any Party may change its address to which notice is to be given hereunder by providing notice of the same in accordance with this paragraph.
32. This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales. Each Party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation.
33. Neither Party will have any liability under this Agreement for any indirect, special, incidental, exemplary, consequential, or punitive damages (including lost or reduced profits and business opportunities), for any matter whatsoever associated with the activities covered by this Agreement, whether based on contract, tort (including negligence), warranties, representations, strict liability or otherwise.
34. Nothing in this Agreement shall be construed or interpreted as: (a) creating a partnership, joint venture, or relationship of trust or agency between the Parties; or (b) authorizing either Party (or its affiliates) to act on behalf of the other Party, or to make representations or commitments of any kind on behalf of the other Party.
35. The numbering and headings in this Agreement are for convenience only and shall not be construed as having any substantive effect on the terms of this Agreement.
36. Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular, and a reference to one gender shall include a reference to the other genders. Any words following the terms "including", "include", "in particular", "for example" or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

37. No one other than a Party to this Agreement, their successors and permitted assignees, shall have any right to enforce any of its terms. The Parties may rescind or vary this Agreement, in whole or in part, without the consent of any person or entity who is not a Party to this Agreement.

38. If any provision in, or obligation under, this Agreement (or part thereof) is or becomes unlawful or void, the legality, validity, and enforceability of any other part of that provision or any other provision of this Agreement shall not be affected, but shall continue in force and effect.

This agreement is signed and is effective on the date first above written:

For and on behalf of

For and on behalf of

TALAXIS LIMITED

MKANGO RESOURCES LIMITED

"William Randall"

"Alexander Lemon"

Name: William Randall
Title: Director

Alex Lemon
President

"Daniel Mamadou"

"William Dawes"

Name: Daniel Mamadou
Title: Director

William Dawes
Chief Executive Office