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:

January 24, 2018

Item 3 – News Release:

The Company disseminated a news release through the facilities of Marketwired on January 24, 2018.

Item 4 – Summary of Material Change:

Following both shareholder and final TSX Venture Exchange approval obtained on January 18, 2018, two subsidiaries of the the Company received investments aggregating £6 million (C$10.5 million) from Talaxis Limited ("**Talaxis**"), in accordance with the previously announced investment agreement with Talaxis dated November 16, 2017.

Talaxis invested £5 million (C$8.8 million) into Mkango subsidiary, Lancaster Exploration Limited ("**Lancaster**"), in return for a 20% interest in Lancaster. Talaxis also invested £1 million (C$1.8 million) into a new Mkango subsidiary, Maginito Limited ("**Maginito**"), in return for a 24.5% interest in Maginito.

A further £8 million (C$14 million) will be invested by Talaxis into Lancaster and Maginito subject to completion of definitive documentation and the following milestones:

- On Mkango publishing an updated resource (compliant with NI 43-101 - *Standards of Disclosure for Mineral Projects*), Talaxis will invest £7 million (C$12.3 million) into Lancaster for a further 29% interest, increasing its total interest in Lancaster to 49%. This will fund further expenditure in relation to completion of the feasibility study.
- On successful completion of the Phase II R&D programme with Metalysis, Talaxis will invest £1 million (C$1.8 million) into Maginito for a further 24.5% interest, increasing its total interest in Maginito to 49%.

Upon completion of the feasibility study for Songwe, and subject to completion of the definitive documentation, Talaxis will have the option to acquire a further 26% interest in Lancaster, increasing its aggregate interest to 75%, by arranging funding for 100% of remaining project development costs, including funding the equity component thereof. If Talaxis exercises its option, Mkango will retain a 25% interest, free carried to production.

(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.

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

Following both disinterested shareholder (after excluding any votes attached to common shares held by Talaxis) and final TSX Venture Exchange approval obtained on January 18, 2018, two subsidiaries of the the Company received investments aggregating £6 million (C$10.5 million) from Talaxis, in accordance with the previously announced investment agreement with Talaxis dated November 16, 2017.

Talaxis invested £5 million (C$8.8 million) into Mkango subsidiary, Lancaster, in return for a 20% interest in Lancaster. Talaxis also invested £1 million (C$1.8 million) into a new Mkango subsidiary, Maginito, in return for a 24.5% interest in Maginito.

Lancaster holds the license for the advanced stage Songwe Hill rare earths project in Malawi. Talaxis' investment into Lancaster will fund the initial phase of the initial phase of the Feasibility Study for Songwe, including an extensive 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.

Maginito is focused on neodymium alloy powders, magnet and other technologies relating to electric vehicles and other cleantech applications. This includes 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.

(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 and receipt of £6 million (C$10.5 million) 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 obtained disinterested shareholder approval (after excluding any votes attached to common shares held by Talaxis) at a meeting of shareholders scheduled 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 release attached hereto as Schedule "A", which press release is 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
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Item 9 – Date of Report:

This report is dated January 29, 2018.

Schedule "A"

Mkango Receives £6 Million (C$10.5 Million) Investment From Talaxis and Commences Feasibility Study for the Songwe Hill Rare Earths Project in Malawi

LONDON and CALGARY, Alberta, Jan. 24, 2018 -- Mkango Resources Ltd. (AIM:MKA) (TSX-V:MKA) (the "**Company**" or "**Mkango**") is pleased to announce that following receipt of both shareholder and final TSX Venture Exchange approval, investments totalling £6 million (C$10.5 million) have been received by Mkango subsidiaries in accordance with the previously announced agreement ("**Agreement**") with Talaxis Limited ("**Talaxis**"):

- Talaxis has invested £5 million (C$8.8 million) into Mkango subsidiary, Lancaster Exploration Limited ("Lancaster"), in return for a 20% interest in Lancaster. Lancaster holds the licence for the advanced stage Songwe Hill rare earths project ("Songwe") in Malawi.
- The investment into Lancaster will fund the initial phase of the Feasibility Study for Songwe, including an extensive 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.
- Talaxis has also invested £1 million (C$1.8million) into a new Mkango subsidiary, Maginito Limited ("Maginito"), in return for a 24.5% interest in Maginito.
- Maginito is focused on neodymium alloy powders, magnet and other technologies relating to electric vehicles and other cleantech applications. 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.

A further £8 million (C$14 million) will be invested by Talaxis into Lancaster and Maginito subject to completion of definitive documentation and the following milestones:

- On Mkango publishing an updated resource (compliant with NI 43-101 - *Standards of Disclosure for Mineral Projects*), Talaxis will invest £7 million (C$12.3 million) into Lancaster for a further 29% interest, increasing its total interest in Lancaster to 49%. This will fund further expenditure in relation to completion of the feasibility study.
- On successful completion of the Phase II R&D programme with Metalysis, Talaxis will invest £1 million (C$1.8 million) into Maginito for a further 24.5% interest, increasing its total interest in Maginito to 49%.

Upon completion of the feasibility study for Songwe, and subject to completion of the definitive documentation, Talaxis will have the option to acquire a further 26% interest in Lancaster, increasing its aggregate interest to 75%, by arranging funding for 100% of remaining project development costs, including funding the equity component thereof. If Talaxis exercises its option, Mkango will retain a 25% interest, free carried to production.

William Dawes, Chief Executive Officer of Mkango, said: "Following receipt of the investment from Talaxis, Mkango is uniquely positioned. We are one of very few companies with an advanced stage rare earths project fully funded to completion of a Feasibility Study with a clearly defined development pathway to production. This is complemented by downstream growth opportunities focused on the electric vehicle technology space. We look forward to working with Talaxis as well as the Government and people of Malawi as we move the project through the development phase to become a leading sustainable producer of rare earths."

Talaxis is the holder of 13.6% of the issued and outstanding common shares of Mkango. As such, pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*, the transaction was subject disinterested shareholder approval (after excluding any votes attached to common shares held by Talaxis), which it obtained at the shareholder meeting held on January 18, 2018.

In addition to its 13.6% shareholding, Talaxis holds 12 million warrants of Mkango which, upon exercise, could result in Talaxis holding 22.5% 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.

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

Cautionary Note Regarding Forward-Looking Statements

This material change report 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 effect of the Transaction on the Company and its development path, the global market for products using the rare earth metals the Company is exploring for, completion of the BFS and of the transactions contemplated in the Agreement, and 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 BFS 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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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.