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Mkango Announces Conditional Acceptance Of Talaxis Transaction By Tsx Venture Exchange Subject Only To Shareholder Approval

London / Calgary: December 11, 2017 - Mkango Resources Ltd. (AIM/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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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.