MKANGO RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2021

This Management's Discussion and Analysis ("**MD&A**") provides a review of the operational performance of Mkango Resources Ltd. ("**Mkango**", or the "**Company**"). The report was prepared in accordance with the requirements of National Instrument 51-102 - Continuous Disclosure Obligations, and it should be read in conjunction the condensed interim consolidated financial statements for the three and six months ended June 30, 2021 (the **"Financial Statements"**) and the audited consolidated financial statements for the year ended December 31, 2020 and the accompanying Management's Discussion and Analysis for that fiscal year. The Financial Statements and the accompanying notes have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and are prepared in United States dollars unless otherwise stated. This document is dated August 30, 2021.

The Board of Directors of the Company have reviewed and approved the information contained in this MD&A and the Financial Statements.

Readers are cautioned that this MD&A contains certain forward-looking statements. Please see the section concerning "Forward Looking Statements" below.

Additional information relating to the Company can be found on the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com. The Company is listed on the TSX Venture Exchange (the "**TSX-V**") and holds an additional listing on the AIM Market of the London Stock Exchange ("**AIM**") under the symbol MKA.

FORWARD LOOKING STATEMENTS

Certain disclosures set forth in this MD&A may constitute forward-looking statements concerning anticipated development of the Company's operations in future periods. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believes", "budget", "continue", "could", "estimate", "forecast", "intends", "may", "plan", "predicts", "projects", should", "will" and other similar expressions. All estimates and statements that describe the Company's future, goals, or objectives, including management's assessment of future plans and operations, including statements regarding exploration results and budgets, mineral resource estimates, work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact may constitute forward-looking information under securities laws. Forward-looking information is based on reasonable assumptions that have been made by the Company as at the date of such information but, by their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including the impact of general economic and political conditions, the impacts, direct and indirect, of the COVID-19 pandemic, industry conditions, volatility of commodity prices, currency fluctuations, accuracy of drilling and other exploration results, realization of mineral resource estimates, environmental risks, changes in environmental, tax and royalty legislation or other government regulation, the speculative nature of strategic metal exploration and development including the risks of contests over title to properties, the risks associated with obtaining necessary licences or permits, including and not limited to approval of any future mining licence applications and exploration licence extensions, operating or technical difficulties in connection with development activities; personnel relations, competition from other industry participants, the lack of availability of qualified personnel or management, availability of drilling equipment and access, stock market volatility and the ability to access sufficient capital from internal and external sources. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to the price of rare earth elements ("**REEs**" or "**rare earths**"); the demand for REEs; the ability to carry on exploration and development activities; the timely receipt of any required approvals; the ability to obtain qualified personnel, equipment and services in a timely and cost-efficient manner; the ability to operate in a safe, efficient and effective manner; and the regulatory framework including and not limited to licence approvals, social and environmental matters, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Mkango's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements. Mkango disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

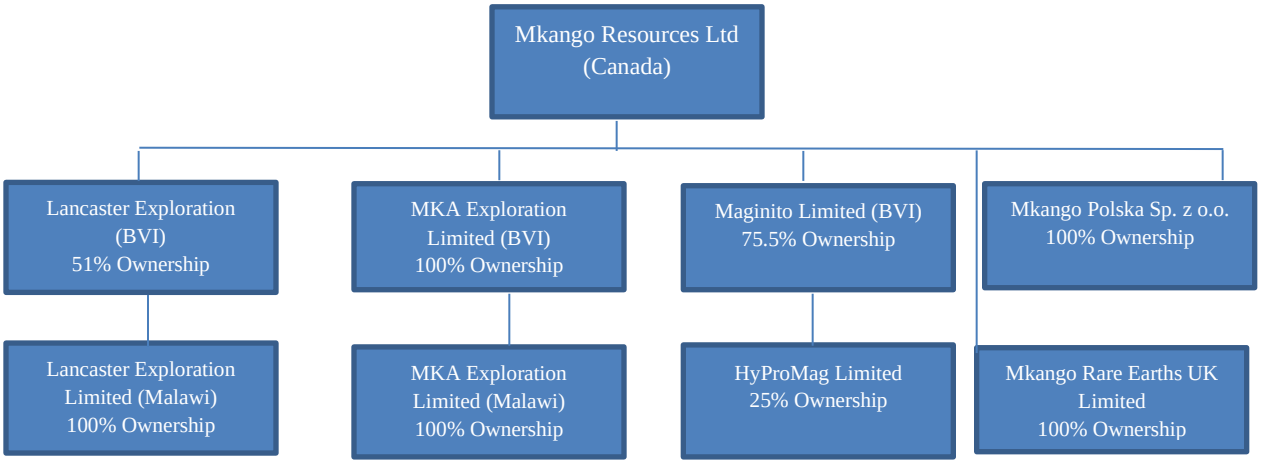
COMPANY OVERVIEW

Mkango is an exploration and development company focused on rare earths and associated minerals with properties in the Republic of Malawi, Africa, specifically the Songwe Hill rare earths project ("**Songwe Hill**") within the 11 Phalombe retention licences (the "**Phalombe Licence**"). Mkango is also pursuing mineral exploration opportunities with three additional properties in the Republic of Malawi, Africa ("**Malawi**"): the Thambani exploration licence ("**Thambani Licence**"), the Chimimbe Hill exploration licence ("**Chimimbe Licence**") and the Mchinji exploration licence **("Mchinji Licence")**.

The Company's corporate strategy is to develop new sustainable sources of neodymium, praseodymium, dysprosium and terbium to supply accelerating demand from electric vehicles, wind turbines and other clean technologies. An integrated 'mine, refine, recycle' strategy differentiates Mkango from its peers, uniquely positioning the Company in the rare earths sector, and is focused on advancing the Songwe Hill project through the feasibility and development phases, whilst in parallel advancing complementary downstream opportunities in the rare earths supply chain through Maginito Limited ("**Maginito**"), focused on rare earth magnet recycling, and Mkango Polska Sp. z o.o. ("**Mkango Polska**"), focused on rare earth separation. The current work programme for Songwe Hill is focused on completing a definitive feasibility study (the "**Feasibility Study**"), the initial phases of which included a major diamond drilling programme and publication of an updated mineral resource estimate, in addition to ongoing metallurgical optimisation and pilot test work as well as the ongoing Environmental Social Health Impact Assessment ("**ESHIA**") and the Corporate Social Responsibility programme.

Corporate Structure

The Company is incorporated in the province of British Columbia, Canada. The Company's registered office is Suite 2900, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 0A3.



The Phalombe Licence, the Thambani Licence and the Chimimbe Licence are held by Lancaster Exploration Limited ("**Lancaster BVI**"), a company which was incorporated under the laws of the British Virgin Islands ("**BVI**") on August 3, 2007. Lancaster BVI is 51% owned by Mkango and 49% owned by Talaxis. 100% of the Thambani Licence and the Chimimbe Licence are held in trust by Lancaster BVI for Mkango.

Lancaster Exploration Limited ("**Lancaster Malawi**") was incorporated on May 19, 2011, under the laws of Malawi. Lancaster Malawi is a wholly owned subsidiary of Lancaster BVI and as such, includes a non-controlling interest representing 49% of Lancaster Malawi's assets and liabilities that are owned by Talaxis. On August 5, 2021 the Company announced the restructuring of Talaxis' interests in the Songwe Hill Rare Earths Project to simplify and optimise the Company's ownership structure. Mkango will increase ownership of the Songwe Hill Rare Earths Project to 100% as part of a £13 million ($18 million) share transaction with Talaxis. On August 16, 2021, the Company announced that further to the Company's announcement of August 5, 2021, it had now received TSX-V conditional approval for the fundraising.

MKA Exploration Limited ("**MKA Exploration**") was incorporated under the laws of the BVI on July 25, 2018 and is wholly owned by Mkango. MKA Exploration's wholly owned subsidiary, MKA Exploration Limited ("**MKA Exploration Malawi**") was incorporated under the laws of Malawi on May 6, 2019. The Mchinji Licence is held by MKA Exploration.

Maginito Limited ("**Maginito**") was incorporated under the laws of the BVI on January 3, 2018. Maginito is 75.5% owned by Mkango and 24.5% owned by Talaxis. Maginito is focused on developing green technology opportunities in the rare earths supply chain, encompassing neodymium (NdFeB) magnet recycling as well as innovative rare earth alloy, magnet and separation technologies. This includes its investment in HyProMag Limited ("**HyProMag**") as discussed below. On August 5, 2021, the Company announced the restructuring of Talaxis' interests in Magnito to simplify and optimise the Company's ownership structure. Mkango will increase ownership of Maginito to 100% as part of a £13 million ($18 million) share transaction with Talaxis. On August 16, 2021, the Company announced that further to the Company's announcement of August 5, 2021, it had now received TSX-V conditional approval for the fundraising.

Mkango Polska Sp. z o.o. ("**Mkango Polska**") was incorporated under the laws of Poland and 100% ownership was acquired by the Company on March 22, 2021. Mkango Polska is developing a rare earth separation plant at Pulawy in Poland, working with Grupa Azoty PULAWY, Poland's leading chemicals company and the second largest manufacturer of nitrogen and compound fertilizers in the European Union. The Pulawy Separation Plant is expected to process the purified mixed rare earth carbonate derived from Songwe Hill into separated rare earth oxides.

Mkango Rare Earths UK Limited ("**Mkango UK**") was incorporated on June 23, 2021 under the laws of England and Wales. Mkango UK is 100% owned by the Company. Mkango UK was established to further develop the Company's rare earths strategy in the UK.

Accounting Treatment

The financial statements include 100% of the assets and liabilities related to Lancaster BVI and include a non-controlling interest, representing 49% of Lancaster BVI's assets and liabilities that were owned by Talaxis as at June 30, 2021. The non-controlling interest excludes the Thambani Licence and the Chimimbe Licence, 100% of which are held in trust for Mkango by Lancaster BVI, and the Mchinji Licence which is 100% owned by MKA Exploration Limited. The financial statements include 100% of the assets and liabilities related to Maginito and include a non-controlling interest representing 24.5% of Maginito's assets and liabilities attributable to Talaxis. Accounting policies are applied consistently throughout all consolidated entities.

OVERALL PERFORMANCE AND OUTLOOK

The Company is focused on advancing the Songwe Hill Rare Earths project, in addition to its other projects in Malawi, and on downstream opportunities relating to the rare earths supply chain. The Company expects that funding previously received from Talaxis and from the exercise of warrants, and received from the £5.52m ($7.6m) ($7.3 million net) fundraising announced on August 5, 2021, will be sufficient to fund Mkango's operations in the next 12 months.

Highlights for the three months ended June 30, 2021, include:

- The Company had cash of $2,174,655 at June 30, 2021 compared to $4,924,567 at December 31, 2020 and $6,440,697 at June 30, 2020.
- The comprehensive loss for the three months ended June 30, 2021 was $2,041,242 compared to $915,636 for the three months ended June 30, 2020. Mineral project expenses for the three months increased by $968,143 compared to the three months ended June 30, 2020 as work on the Feasibility Study continues. There was a reduction in foreign exchange losses of $202,622 due to significant unrealised exchange losses arising from the onset of the global pandemic on cash held at June 30, 2020.
- Progress on the Feasibility Study for Songwe Hill is continuing with work underway in Malawi, Australia, South Africa and the United Kingdom ("**UK**"). The Company believes that some work streams may still be impacted from the impact of COVID-19, however the degree of impact is currently uncertain. The Company is targeting completion of the Feasibility Study in the first quarter of 2022. The Company notes, however, that the ongoing COVID-19 pandemic may cause disruption to the completion of the Feasibility Study which may impact this timing.

- The Company announced results of the flotation pilot plant programme at ALS Metallurgy in Perth on May 4, 2021. Hydrometallurgical piloting is now underway at ANSTO in Australia.
- Design and engineering studies by lead engineer SENET (a DRA Global Group Company) are continuing in parallel.

- On June 7, 2021, the Company announced that Mkango and Grupa Azoty Zakłady Azotowe ”Pulawy” S.A. have agreed to work together towards development of a rare earth separation plant in Poland, which.will process the high grade, purified mixed rare earth carbonate produced at Songwe Hill into separated rare earth oxides.
- Jones Group International appointed as United States strategy advisor. Jones Group International, a Washington, US based advisory firm led by retired General James Jones, former National Security Advisor to President Barack Obama, will assist Mkango, advising on US critical materials security, energy security, market access and trade promotion.

SUBSEQUENT EVENTS

On August 5, 2021, the Company announced the restructuring of Talaxis' interests in both the Songwe Hill Rare Earths Project and Magnito to simplify and optimise the Company's ownership structure prior to delivery of the Songwe Hill Feasibility Study and to significantly enhance its growth potential:

- Mkango to increase ownership of the Songwe Hill Rare Earths Project and of Maginito to 100% in a £13m ($18m) share transaction with Talaxis
- Mkango retains all offtake rights relating to Songwe Hill, Maginito and the 100% owned Pulawy Separation Plant project in Poland
- Complementary £5.52m ($7.6m) ($7.3 million net) fundraising at a 2.9% premium to its five-day VWAP, including a £700,000 ($966,000) investment by Non-Executive Chairman Derek Linfield
- Mkango is fully funded to complete the Feasibility Study for the Songwe Hill Rare Earths Project, targeted for completion in Q1 2022
- Mkango now positioned to accelerate its integrated Mine, Refine, Recycle strategy with a simplified and vertically aligned ownership structure and enhanced financial flexibility
- Strong market backdrop with accelerating demand for rare earths permanent magnets and increased focus on security of supply and recycling of rare earths.

On August 16, 2021, the Company announced that further to the Company's announcement of August 5, 2021, it had received TSX-V conditional approval for the fundraising.

DISCUSSION OF OPERATIONS

Mkango holds a 51% interest in Lancaster BVI, which holds a 100% interest in three exclusive prospecting licences in southern Malawi, the Phalombe Licence, the Thambani Licence and the Chimimbe Licence. Pursuant to the definitive agreements, 100% of the Thambani Licence and Chimimbe Licence are held in trust by Lancaster BVI for Mkango. Mkango holds a 100% interest in MKA Exploration Limited BVI which holds a 100% interest in the Mchinji Licence.

Licence	Project	For the six months ended June 30, 2021	2020
Phalombe	***Songwe Hill project***		
	Metallurgy expenses	$1,400,479	$628,656
	Government fees	22,407	9,324
	ESHIA [(1)]	133,384	36,209
	Technical studies	584,500	321,370
	Consulting fees	131,178	121,384
	Grant refund	-	(28,398)
	Malawi office and camp expenses	47,662	33,200
Phalombe total		2,319,610	1,177,980
REE Separation Plant feasibility Study	Consulting fees	60,542	-
Thambani, Chimimbe and Mchinji	Exploration project costs	117,014	-
Total mineral project and research and development expenses		$2,497,166	$1,177,980

(1) Environmental Social Health Impact Assessment and Corporate Social Responsibility expenditures.

Exploration and evaluation expenditures are recognized in the consolidated statement of comprehensive loss as mineral project expenditures pending determination of technical feasibility and commercial viability.

SONGWE HILL

Background

The Phalombe Licence is located in southeast Malawi, within which the Songwe Hill Rare Earth deposit is the main development target and features carbonatite hosted rare earth mineralization. Songwe Hill was subject to historic exploration programs during the late 1980s. Lancaster BVI was awarded the licence by the Malawi government on January 21, 2010 and has subsequently renewed it, with the most recent renewal on the June 1, 2021 when the Phalombe Licence was transferred into 11 retention licences covering a total of 250 sq km. Each retention licence is for a 5 year period from June 1, 2021 and will be transferred into a mining licence once the Feasibility Study and ESHIA have been finalized.

Exploration

Mkango has been exploring and evaluating the Songwe Hill rare earth deposit since January 2010. Following confirmation of the previously investigated enriched zones, exploration focused on identifying the nature and extent of the rare earth mineralized carbonatites and related rocks. Mkango's early exploration activities consisted of lithogeochemical sampling, soil sampling, channel sampling, geological mapping, ground magnetic, density and radiometric surveys, and petrographic/mineralogical analyses.

In particular, detailed geological mapping of Songwe Hill was carried out in 2010 and 2011. The mapping demonstrated that carbonatite outcrops existed over a significantly larger area than had previously been recognized. Mapping further achieved a more precise delineation of the distribution of the main rock types. The mapping broadened the surface area of known rare earth mineralization significantly beyond the areas identified in previous exploration and identified new areas of rare earth enriched carbonatite.

The results of these activities confirmed the rare earth enrichment initially identified by historical exploration and suggested that the mineralized carbonatites were more widespread than originally identified. Mkango embarked on diamond drilling campaigns in 2011 ("**Phase 1**"), 2011–2012 ("**Phase 2**") and 2018 ("**Phase 3**"). Mkango also produced a bulk sample after the Phase 3 drilling in 2018.

The Phase 1 programme was successful in confirming the presence of rare earth mineralization first outlined by historical exploration. Eleven of the 13 holes intersected significant zones of rare earth mineralization. Having confirmed the presence of the mineralization, the Phase 1 drilling was expanded to areas not previously tested and demonstrated the extension of rare earth mineralization both laterally and vertically.

The Phase 2 drilling focused on expanding the area of known mineralization, infilling between existing holes and testing the mineralization at depth. All drill holes intersected rare earth mineralization and the maximum depth at which rare earth mineralization was encountered was 350 metres ("**m**") below the surface of the hill.

The original resource estimate based on the Phase 1 and Phase 2 drilling programs enabled a maiden resource of 13.2 million tonnes ("**Mt**") grading 1.62% total rare earth oxides ("**TREO**") in the Indicated Mineral Resource category and 18.6mt grading 1.38% TREO in the Inferred Mineral Resource category which was announced on October 10, 2012. The Indicated Resource estimate formed the basis for a Pre-Feasibility Study completed in 2014, which was subsequently updated in 2015.

Talaxis Agreement

In March 2017, Mkango announced a transaction with Talaxis, whereby Talaxis invested £500,000 in Mkango by means of a private placement. The private placement closed in October 2017, which resulted in Talaxis' ownership of 12.5% in Mkango's outstanding Shares. In addition, Talaxis owned warrants, which could, if exercised, increase its ownership to 18.1% of Mkango's Shares. These warrants were exercised on December 21 2020 by way of a cashless exercise for the issue of 1,000,000 Shares. In November of 2017, Mkango announced a further transaction with Talaxis (the "**Talaxis Agreement**"), whereby Talaxis agreed to make investments totalling £12 million ($16 million) in Lancaster BVI to fund the Feasibility Study for Songwe Hill, with an option to fund project development, and a further investment totalling £2 million ($2.8 million) in Maginito (described more fully below) to further advance Mkango's downstream strategy.

On January 24, 2018, in accordance with the terms of the Talaxis Agreement, Talaxis invested an initial £5 million ($7 million) for a 20% interest in Lancaster BVI and a further £1 million ($1.3 million) for a 24.5% interest in Maginito.

On May 18, 2018, Mkango signed the Songwe Hill Joint Venture Agreement, the Talaxis Investment Agreement and the Cooperation Deed (the "**Definitive Agreements**") in relation to the Talaxis Agreement.

On March 28, 2019, in accordance with the terms of the Definitive Agreements, Talaxis invested £7 million ($9.0 million) for a further 29% interest in Lancaster BVI.

On August 5, 2021 the Company announced the restructuring of Talaxis' interests in both the Songwe Hill Rare Earths Project and Maginito to simplify and optimise the Company's ownership structure. Mkango will increase ownership of the Songwe Hill Rare Earths Project to 100% as part of a £13 million ($18 million) share transaction with Talaxis. On August 16, 2021, the Company announced that further to the Company's announcement of 5 August 2021, it had now received TSX-V conditional approval for the fundraising.

Feasibility Study

Following the receipt of £5 million ($7 million) by Lancaster BVI on January 24, 2018, pursuant to the transaction with Talaxis, Mkango commenced the Feasibility Study, the initial phases of which comprised an extensive diamond drilling programme, metallurgical optimisation and work in relation to the ongoing ESHIA.

On June 4, 2018, Mkango announced commencement of the major Phase 3 diamond drilling programme at Songwe Hill. The programme was completed in early September 2018 and comprised 91 drill holes totalling 10,900 m of infill, step-out and geotechnical drilling, the latter for the purposes of mine design.

In five press releases between August 21, 2018 and December 3, 2018 (www.sedar.com), Mkango announced the results of all 91 drill holes which, together with a schematic geological map illustrating the location of the drill hole collars and estimated drill hole traces, are available on the Company's website at www.mkango.ca.

Approximately 60% of the Phase 3 drill holes were infill holes aimed at better defining the geology and geometry of the mineralized body, to facilitate a better understanding of the geological characteristics and setting of the mineralization, and to refine the geological model as a prelude to re-defining the Mineral Resource. All infill holes intersected significant widths of mineralized carbonatite and breccia. Modelling of the lithologies based on geochemistry confirms that the core of the deposit is a uniformly mineralized carbonatite intrusive with steep sides.

Approximately 30% of the Phase 3 drill holes were step-out holes, aimed at expanding the known Mineral Resource by identifying or better delineating mineralization that is outside the volume of the previously defined Mineral

Resource. Most of these holes contained mineralized intersections although not all reached their targeted depths. These holes have resulted in expansion of the estimated Mineral Resources by identifying new areas of mineralized carbonatite beyond the limits of the previous exploration programs.

Oriented core was recovered from 16 of the holes to provide geotechnical information within the Mineral Resource for future mine design.

Forty-nine of the drill holes intersected significant zones of rare earths mineralisation grading above 1% total TREO which are shown in Table 1 of Appendix A of the MD&A and the full set of the results and breakdown of TREO values are shown in Table 2 of Appendix A of the MD&A.

Laboratory assay data was used to produce a 3D model based on geochemical coding that is reflective of the main mineralization, and that is objective, repeatable, and provides a consistent and meaningful illustration of the distribution of rare earth mineralization in the context of the geological setting.

The principal geochemical discriminators of the lithological variation were found to be aluminium, silicon, potassium, and calcium. Calcium was used as the final indicator, which gave a good separation with the same accuracy and resolution as if all four discriminators had been used.

The geological model constructed from the geochemistry provides a good framework within which to interpret the geology of the deposit. This is a heterogeneous geological environment that is not easily interpreted from lithological observations of drill hole core and outcrop samples alone. The model provides an estimate of the shape and extent of the carbonatite and is considered a useful tool to describe the shape of the main ore body. The model was also applied to validate the indicator approach that was used to estimate the carbonatite proportion in each cell of the resource block model.

On February 4, 2019, Mkango announced an updated Mineral Resource estimate for Songwe Hill: 8 Mt grading 1.50% TREO in the Measured Mineral Resource category, 12.2 Mt grading 1.35% TREO in the Indicated category and 27.5 Mt grading 1.33% TREO in the Inferred Mineral Resource category, applying a base case cut-off grade of 1.0% TREO.

The updated base case Mineral Resource Estimate equates to a 60% increase in the Measured and Indicated Resource tonnage and a 48% increase in the Inferred Resource tonnage versus the base case 2012 Mineral Resource Estimate, which formed the basis for the 2015 Pre-Feasibility study. The Mineral Resource is open at depth. The combined Measured and Indicated Mineral Resource Estimate, totalling 21 Mt grading 1.41% TREO, will form the basis of the updated mine plan for the ongoing Feasibility Study, which will evaluate a bulk tonnage, open pit mining operation focused on broad zones of near surface and outcropping rare earths mineralisation. The updated resource supersedes the 2012 Mineral Resource Estimate, and therefore renders the mining and economic information in the 2015 Pre-Feasibility study obsolete. Updated mining and economic information will be generated as part of the ongoing Feasibility Study based on the new resource.

The Measured Mineral Resource Estimate comprises 42% of the combined Measured and Indicated Mineral Resource Estimate, indicating a substantial increase in geological confidence to support the completion of the Feasibility Study.

The majority of the previously delineated near surface Inferred Mineral Resource Estimate has been upgraded to either the Measured Mineral Resource or Indicated categories, achieving a key objective of the 2018 drill programme. Approximately 95% of the Measured and Indicated Mineral Resource Blocks are at a depth of less than 160 m below the surface of the hill, indicating that the majority will be accessible by open pit mining.

Scientific and technical information in relation to these results and related disclosure, including sampling, analytical, and test data underlying the information, has been approved and verified by Dr. Scott Swinden of Swinden Geoscience Consultants Ltd, who is a "Qualified Person" in accordance with NI43-101.

Sample preparation and analytical work for the drilling and channel sampling programmes are being provided by Intertek-Genalysis Laboratories (Perth, Australia) employing ICP-MS techniques suitable for rare earth analyses and following strict internal Quality Assurance/Quality Control ("**QAQC**") procedures inserting duplicates, blanks and standards. Internal laboratory QAQC was also completed to include blanks, standards and duplicates.

The ESHIA studies are currently being completed in accordance with World Bank Standards and Equator Principles.

In terms of other aspects of the Feasibility Study, Mkango shipped a 60 tonne bulk sample to Australia for pilot test work. The bulk sample was selected from areas within the previously announced upgraded Measured and Indicated Mineral Resource Estimates, which underpin the ongoing Feasibility Study.

Potential pilot plant facilities were reviewed through a detailed tender process and ALS Metallurgy in Perth, Australia was selected. On February 24, 2021 the Company announced the commencement of flotation pilot test plant work. Following completion of flotation piloting, announced on March 2, 2021, the Company announced results of the flotation pilot plant programme on May 4, 2021:

- The flotation piloting programme demonstrated that the flotation process is robust and straightforward to scale up and the results support a significant increase in both flotation recoveries and concentrate grade for the Feasibility Study versus the design criteria for the 2015 pre-feasibility study for Songwe Hill:
- Significant increase in flotation recovery of total rare earth oxides ("**TREO**") to 74% from 67%;
- Tripling of flotation concentrate grade to 15% TREO from 4.7% TREO;
- Substantial increase in flotation upgrade, with the optimised flotation regime increasing the run-of-mine ore grade by 10 times versus three times in the pre-feasibility study and a positive impact on downstream integrated hydrometallurgical operations.
- The flotation pilot plant generated over one tonne of flotation concentrate for hydrometallurgical pilot processing at ANSTO, the first phase of which is underway.
- The ongoing Feasibility Study for Songwe Hill envisages processing of flotation concentrate via an integrated hydrometallurgical processing plant, located adjacent to the Songwe operations in Malawi, targeting a high grade purified mixed rare earth carbonate grading greater than 50% TREO.
- The flotation and hydrometallurgical pilot plants provide SENET (a DRA Global Group Company) with key design parameters and essential operating data to assist it in the engineering of the Company's commercial scale operation.

The Company is targeting completion of the Feasibility Study in first quarter of 2022.

Scientific and technical information in relation to flotation piloting and metallurgy has been approved and verified by Nicholas Dempers Pr.Eng (RSA) Reg. No 20150196, FSAIMM of SENET (a DRA Global Group Company), who is a "Qualified Person" in accordance with National Instrument 43-101 -- Standards of Disclosure for Mineral Projects.

Other targets in the Phalombe Licence

On August 9, 2016, Mkango announced the results of an airborne geophysical survey (the "**Survey**") covering approximately two thirds of the Phalombe Licence. The Survey was part of a $25 million World Bank funded nationwide airborne geophysical programme. The airborne radiometric survey highlights a number of exploration targets within the Phalombe Licence. Songwe Hill was not covered by the Survey.

Apart from Songwe Hill, there are two other identified hypabyssal systems in the Phalombe Licence, namely Nkalonje and Namangale. In both cases, the Survey indicates strong thorium radiometric anomalies coincident with the intrusive rocks, which, similar to Songwe Hill, are expressed as steep hills rising above the surrounding plain. Thorium radiometrics are known as a highly effective tool for rare earths exploration and the carbonatite at Songwe Hill is also characterized by a thorium radiometric anomaly, identified through previous geophysical surveys. Unlike Songwe Hill, the Nkalonje and Namangale hypabyssal systems do not feature large areas of outcropping carbonatite, the host rock for rare earths at Songwe Hill. However, both contain outcrops of carbonatite veins and dykes suggesting that there is potential for identifying a carbonatite body below surface. Other prospects within the Phalombe Licence include the Mantrap and Knoll prospects.

A map showing the thorium radiometric anomalies superimposed on a topographic map, indicating local infrastructure, and the locations of Nkalonje and Namangale can be accessed via the following link: http://www.mkango.ca/i/maps/Results-of-Airborne-Radiometric-Survey-(Th)-on-Topo-Aug.jpg.

In 2016, Songwe Hill and the Nkalonje, Mantrap and Knoll prospects were visited by a large delegation of international and Malawian geology and geophysics experts in connection with the €5.4 million HiTech AlkCarb research programme led by the Camborne School of Mines, the University of Exeter and funded under the European Union's Horizon 2020 Research and Innovation programme in which the Company (through Lancaster BVI) is an industry partner. The scope of the research project encompasses building exploration expertise in hi-tech raw materials

as well as improving and developing interpretation of geophysical and down hole data. Of particular relevance to Mkango is the opportunity to better understand the potential for large but unexposed mineralised bodies of carbonatite (the host rock for rare earth mineralisation) on either a prospect or regional scale.

Based on work to date, the highest priority of such targets within the Phalombe Licence is the abovementioned Nkalonje hypabyssal system, where outcrop is largely fenite (altered country rock) with occasional carbonatite but where there may also be potential for underlying and larger zones of mineralised carbonatite.

Mkango retains, through its holding in Lancaster BVI, a 51% interest in the Phalombe Licence. On August 5, 2021 the Company announced the restructuring of Talaxis' interests to acquire the remaining 49% interest in the Phalombe licence.

MCHINJI, MCHINJI DISTRICT

On July 4, 2019, MKA Exploration BVI was granted the Mchinji Licence by the Malawi Minister of Natural Resources, Energy and Environment in respect of an area of 868.69 sq km in the Mchinji district, Malawi, which is adjacent to licences with known mineral potential including the Chimimbe Hill licence, a nickel-cobalt licence to the south.

The Mchinji Licence runs for a three-year term, after which it can be renewed twice for a further two-year period with a 50% reduction in the Mchinji Licence area required with each renewal.

Mkango is evaluating the Mchinji deposit in the context of geophysical data produced by the Survey. Exploration is focusing on rutile, gold, base metals, nickel-cobalt and graphite.

Mkango retains a 100% interest in the Mchinji Licence.

RUTILE AND ILMENITE DISCOVERY IN MALAWI

On September 15, 2020 the Company announced the results of a reconnaissance shallow soil sampling and auger programme in its Mchinji Licence. The results demonstrate the presence of interesting grades of rutile plus anatase (both naturally occurring mineral forms of TiO2 mineralisation of up to 1.07%, with overall TiO2 grades in the range 0.51 to 4.10% in auger samples and 0.14–2.38% in soil samples; also ilmenite grades of 1.30 to 3.40% (average 1.85%) – see table below. The grade of the TiO2-bearing minerals in the highest-grading auger hole are in the range of 0.63 to 1.07% rutile plus anatase (average 0.73%) and 1.30 to 3.40% ilmenite (average 1.85%), hosted in free-dig saprolite material from surface.

Twelve vertical auger holes were drilled to depths of 0.45m to 9.40m, for a total of 35.8m, from which 41 samples were collected. Available equipment was not able to penetrate beneath a shallow ferricrete horizon in the Ludzi river channel to test the assumed river sands beneath, and eight holes failed to reach more than 2m depth; new auger exploration equipment with improved ground cutting capability has been purchased and is currently being shipped to Malawi. The other four holes were drilled in saprolite on higher ground between the Ludzi's tributaries.

Soil sampling was carried out in pits dug to 50cm ('B horizon') on a 500m staggered grid in four areas of the Mchinji Licence, producing 134 samples.

Sample preparation and analysis was provided by Scientific Services laboratory in Cape Town, employing two-acid microwave digestion and ICP-OES techniques suitable for multi-element determination and following strict internal QAQC procedures inserting blanks and standards. Internal laboratory QAQC was also completed to include blanks, standards and duplicates.

The highest TiO2 grades were returned by nine consecutive samples in a single auger hole (A6), drilled to a depth of 8.9m, that contain between 4.10 and 9.01% total heavy minerals (specific gravity > 2.95) and grade between 3.17 and 4.09% TiO2. These samples were processed by heavy mineral separation and magnetic separation and the separated fractions were sent to XRD Analytical and Consulting CC in Pretoria for quantitative determination of the heavy minerals by X-ray diffraction. Results are given in Table 1 of Appendix B of the MD&A for vertical auger hole A6 positioned at co-ordinates 507971E 8482591N in UTM Zone 36S.

Geochemistry of the soil samples reveals anomalous TiO2 values around auger holes A6 and A11, suggesting potential for follow-up and indicating that soil geochemistry may be a useful regional exploration tool.

These early-stage results show geological similarities to saprolite-hosted rutile mineralisation recently discovered on the adjoining Sovereign Metals licence to the east.

As a result, subsequent to the end of the quarter, the Company announced the commencement of an exploration programme of more extensive soil sampling, additional auger drilling, and mineralogical test work to further identify rutile prospects within the Mchinji Licence.

On November 3, 2020, the Company announced the commencement of an extensive hand-auger drilling and soil sampling programme to identify rutile prospects within the Mchinji licence.

The drill programme was following up on reconnaissance work, which resulted in the discovery of rutile during a shallow soil sampling and auger programme completed and announced on September 15, 2020.

The Company announced the completion of the programme on December 3, 2020 and is currently awaiting results following selection of an optimised processing route for the samples.

Scientific and technical information contained in this section has been approved and verified by Dr. Scott Swinden of Swinden Geoscience Consultants Ltd, who is a "Qualified Person" in accordance with NI43-101.

CHIMIMBE HILL, MCHINJI DISTRICT

On November 14, 2017, Lancaster BVI was granted the Chimimbe Licence by the Malawi Minister of Natural Resources, Energy and Environment in respect of an area of 98.48 sq km around Chimimbe Hill, Mchinji district, Malawi. Exploration has identified a number of areas with potential for laterite and saprolite hosted nickel, cobalt, chrome, rutile, gold and base metals and other mineralization.

The Chimimbe Licence runs for a period of three years and is renewable for further periods of two years thereafter if the terms and conditions of the licence have been met. The Company has applied for the licence to be renewed for a period of two years. Following Malawi government administrative delays in granting licence renewals in Malawi due to the effects of COVID-19 on government departments, the licence has been renewed for a period of two years to November 10, 2022.

Mkango retains a 100% interest in the Chimimbe Licence.

THAMBANI, MWANZA DISTRICT

Background

Lancaster BVI was granted the Thambani Licence by the Malawi Minister of Natural Resources, Energy and Environment on September 10, 2010 in respect of an area, which was originally 468 sq km in Thambani, Mwanza District, Malawi. Exploration has identified a number of areas with potential for uranium ("U"), tantalum ("Ta"), niobium ("**Nb**"), zircon and mineral corundum.

The licence was originally issued by the Malawi government on a three-year basis and was subsequently renewed on September 10, 2015 for an additional two-year term when the Company requested a reduction in the Thambani Licence area to the current 136.9 sq km. The Thambani Licence was renewed for a further 2 years to September 10, 2019 and was subsequently renewed for an additional 2 years to September 10, 2021.

The exploration activities conducted during 2011 and 2012 included acquisition of Landsat7 and ASTER satellite imagery for the Thambani Licence area, systematic ground radiometric surveys to confirm and detail previously-known airborne anomalies, reconnaissance geological mapping and litho-geochemical sampling programs. The work has identified a number of potential uranium targets over the Thambani Massif, which is mainly composed of nepheline syenite gneiss, forming two prominent ridges known as Thambani East Ridge and West Ridge. Historical airborne radiometric surveys and ground radiometric survey programs carried out by Mkango have revealed two distinct uranium anomalies occurring along the two ridges. A strong uranium anomaly, measuring approximately 3

kilometres ("**km**") by 1.5 km, occurs along the length of the Thambani East Ridge with a north-south trend and a second uranium anomaly, measuring approximately 1.5 km by 0.4 km along the western foot of the West Ridge possibly coincident with the contact between the nepheline syenite body and the biotite-hornblende gneisses to the west.

Initial results from follow up reconnaissance geochemical sampling conducted in 2013 returned locally anomalous uranium values, ranging up to 1,545 ppm U_3O_8, on both Thambani East Ridge and West Ridge. During the year ended December 31, 2014, the Company continued to progress the geological exploration studies on the Thambani project area, data analysis and geological modeling.

Mkango completed a trenching programme across the Thambani Massif primarily focused on two sites of historical uranium exploration, known as the Chikoleka and Little Ngona targets. An initial set of nine trenches, selected on the basis of anomalous ground radiometric results, have been re-examined and geochemically sampled across profiles from soil/overburden into bedrock.

The first set of assay results of 142 soil and rock chip samples returned variably anomalous U, Nb and Ta values in most trenches, ranging up to 4.70 % $U_3O_8$8, 3.25 % Nb_2O_5 in soil and up to 0.42 % U_3O_8, 0.78 % Nb_2O_5 and 972 ppm Ta_2O_5 in rock chips, notably higher than results from the 2013 reconnaissance surface geochemical sampling programme. Results associated with the 10 best U_3O_8 assays are summarized in Table 1 of Appendix C of the MD&A.

Preliminary mineralogical studies carried out on six rock samples from the Little Ngona River and Chikoleka targets, using Scanning Electron Microscopy at the Natural History Museum London, indicate that pyrochlore group minerals, mainly betafite, are the principal carriers of U, Nb and Ta for these samples.

Airborne Geophysical Survey

On July 12, 2016, Mkango announced results of the Survey covering approximately two thirds of its Thambani Licence. As with the Phalombe Licence, the Survey was part of a $25 million World Bank funded nationwide airborne geophysical programme flown at 250m spacings.

The Survey confirms the presence of the previously identified uranium radiometric anomaly referred to above along the western flank of the Thambani East Ridge. The Little Ngona prospect, which previously yielded very encouraging uranium, niobium and tantalum values from geochemical sampling, is located at the northern end of this anomaly.

Further discrete uranium anomalies orientated approximately east-west, is located to the south of these anomalies and has yet to be investigated in detail. The previously identified uranium radiometric anomalies on the West Ridge and Chikoleka prospect in the north-west of the Thambani Licence area, which also yielded very encouraging results from previous geochemical sampling, were not covered by this Survey.

A map showing the uranium radiometric anomalies superimposed on a topographic map, indicating local infrastructure, and a digital elevation model can be accessed via the following link:

http://www.mkango.ca/i/maps/Results_of_Airborne_radiometric_survey_on_topo_U_July.jpg

The airborne survey also highlighted a number of magnetic anomalies not previously identified, including a 2.3 km linear magnetic high anomaly along the Thambani East Ridge, a further 1 km by 0.5 km magnetic high anomaly located to the north along the Thambani East Ridge, a magnetic low anomaly approximately co-incident with the abovementioned east–west orientated uranium anomaly and anomalies in a number of other locations. These areas require further investigation to determine the significance of the magnetic anomalies and whether they are related to mineralisation or geological features.

A map showing the magnetic anomalies superimposed on a topographic map, indicating local infrastructure, and a digital elevation model can be accessed via the following link:
http://www.mkango.ca/i/maps/Results_of_Airborne_magnetic_survey_on_topo_July_2016.jpg

During 2019, Mkango commenced a subsequent exploration programme focused on further definition of uranium, tantalum and niobium mineralization in the licence area. Results were as follows:

Assay results from 128 rock samples collected during the 2019 exploration programme returned uranium, tantalum and niobium values ranging up to 0.74% U3O8, 0.41% Ta2O5 and 3.24% Nb2O5. Of the total, 43 graded above 500ppm U3O8, of which 13 graded above 1,000ppm U3O8; all but one of these 43 samples were in-situ rock samples. Results associated with the ten best U3O8 assays are summarised in the table below, nine of which are grab samples from outcrop (prefixed G-) and one a hand-auger sample of highly weathered rock in a trench (prefixed T-).

The objective of the programme was to identify new areas of outcropping mineralisation through further geological reconnaissance and sampling, guided by handheld spectrometer. Sampling was focussed on the uranium anomalies identified by previous airborne and ground radiometric surveys, including areas where previous sampling gave encouraging results. The aims of the sampling were to better delineate the mineralised zones and to localise future drill sites to test the downdip extension of surface mineralisation. Field observations and sampling results suggest that mineralisation occurs in zones that are conformable with gneissic banding.

Assays from the 10 highest grade U3O8 samples from the 2019 Thambani sampling programme are described in Table 2 of Appendix C of the MD&A.

The 2019 sampling programme was focused on radiometric uranium anomalies associated with the Thambani Massif, a body of nepheline-bearing syenite gneiss which dominates the north-eastern part of the licence. Previous work has shown the uranium anomalies to be associated with niobium and tantalum mineralisation.

Two suites of samples were collected: 1) in-situ grab samples from outcrop; and 2) extremely friable, highly weathered rock from trenches that were manually excavated to approximately 10m long, 1.5m wide and 2m deep, and oriented west to east across the regional strike of the gneissic foliation. Grab samples are selective and are not necessarily representative of the mineralisation on the property.

A location map and sampling maps can be found at https://mkango.ca/projects/thambani

A total of 58 surface grab samples were collected, 54 of which were from outcrop associated with the prominent radiometric anomaly along the western slope of the Thambani East Ridge, and four from outcrop in the Supe River.

Ten trenches were excavated by hand over radiometric anomalies. Three of these (the Western Trenches) were spaced 25m apart, immediately adjacent to a pit where the highest grades were encountered in 2017. The seven other trenches were excavated over radiometric anomalies at widely separated locations on the lower slope of the Thambani East Ridge. In all of the trenches, highly weathered nepheline syenite gneiss was encountered below a bouldery soil horizon approximately 0.5m thick. The westward dip of the banded gneiss observed in outcrop on the ridges was recognisable in the trenches despite strong weathering.

In the Western Trenches, 70 samples were collected, 61 of which were horizontal channel samples of 2m length collected along each wall in all of the three trenches. Five similar samples were collected in one trench at the foot of the Thambani East Ridge.

Assays summarised in the table below show that grades in the fresh rock tended to be higher, suggesting extensive secondary remobilisation of the elements of interest.

Summary of assay results (grades in ppm) from the 2019 Thambani sampling programme are described in Table 3 of Appendix C of the MD&A.

This programme provides new information on the nature, disposition and grade ranges of mineralisation in the Thambani Massif. Sampling of mainly fresh samples on the Thambani East Ridge indicates that the U-Ta-Nb mineralisation occurs within the gneissic bands, and surface observations indicate that it may occur in conformable zones. This provides a target for shallow drilling on the down-dip extension of the surface showings.

Scientific and technical information contained in this section has been approved and verified by Dr. Scott Swinden of Swinden Geoscience Consultants Ltd, who is a “Qualified Person” in accordance with NI 43-101.

Mkango is currently evaluating strategic options for Thambani, including opportunities for joint venture and other potential avenues to create value.
Mkango currently retains a 100% interest in the Thambani Licence.

MAGINITO

Maginito was incorporated on January 3, 2018 in the BVI and is focused on downstream green technology opportunities in the rare earths supply chain, in particular rare earth alloy, magnet and other technologies geared to accelerating growth in the electric vehicle market.

HyProMag Limited

On September 23, 2019, the Company announced that Maginito had signed an investment term sheet and one year exclusivity agreement with HyProMag, a private company focused on rare earth magnet recycling. Consistent with Maginito's strategy, the rationale for the transaction includes potential synergies, such as blending of primary production originating from Songwe Hill with recycled production from HyProMag, as well as enhanced marketing flexibility and access to downstream markets for rare earth permanent magnets, which are critical materials for electric vehicles, wind turbines, consumer electronics and other technology applications.

HyProMag has licenced a patented process for extracting and demagnetising NdFeB alloy powders from magnets embedded in scrap and redundant equipment named Hydrogen Processing of Magnet Scrap, (the "**Technology**"). This Technology was originally developed within the Magnetic Materials Group ("MMG") at the UoB. The founding directors of HyProMag, comprising Professor Emeritus Rex Harris, former head of the MMG, Professor Allan Walton, current head of the MMG, and two honorary fellows, Dr John Speight and Mr David Kennedy, are leading world experts in the field of rare earth magnetic materials, alloys and hydrogen technology, and have significant industry experience.

On January 9, 2020 the Company announced that Maginito had completed the acquisition of an initial 25% interest in HyProMag. Maginito has invested an initial £300,000 for a 25% interest in HyProMag, with an option to invest a further £1 million to increase its interest up to 49% and the first right to supply any primary rare earth raw materials for blending with recycled materials, if required, as well as product offtake and marketing rights.

On May 1, 2020 the Company advanced $261,106 (£200,000) to HyProMag under the Convertible Loan dated January 9, 2020. The Convertible Loan has a maturity date of April 30, 2023, carries interest at 5% per annum and is unsecured.

On May 28, 2020, the Company announced the launch and provided further details of the Innovate UK grant funded project, "Rare-Earth Recycling for E-Machines" ("**RaRE**") in which HyProMag is a partner. RaRE will for the first time establish an end to end supply chain to incorporate recycled rare earth magnets into electric vehicles, whereby recycled magnets will be built into an ancillary electric motor to ultimately support the development of a commercial ancillary motor suite. In addition to HyProMag and UoB, RaRE features a strong set of partners with complementary expertise, comprising Advanced Electric Machines Research Limited, Bentley Motors Limited, Intelligent Lifecycle Solutions Limited and Unipart Powertrain Applications Limited. The total budget for RaRE is £2.6 million, of which Innovate UK will fund £1.9 million, with RaRE partners funding the £0.7 million balance. HyProMag's contribution will be fully funded from the £300,000 investment made by Maginito in January 2020.

On November 16, 2020 the Company announced the launch of a new website for Maginito (www.maginito.com), together with a new Maginito company presentation, available for download from the website via the following link: https://maginito.com/site/assets/files/1/20201103_maginito_presentation-1.pdf

On November 30, 2020 the Company announced that HyProMag and partners, European Metal Recycling Limited ("EMR") and UoB were awarded a grant from the Industrial Strategy Challenge Fund, delivered by UK Research and Innovation, for a new project entitled "Rare-Earth Extraction from Audio Products", which will investigate ways of recycling rare earth magnets from speakers used in automotive and consumer electronics applications, which account for approximately 20% of the current market for rare earth magnets, according to Adamas Intelligence, and therefore represent a significant opportunity for rare earth magnet recycling.

Maginito is continuing to evaluate new downstream opportunities relating to the rare earths supply chain. Mkango retains a 75.5% interest in Maginito. On August 5, 2021 the Company announced the restructuring of Talaxis' interests to acquire the remaining 24.5% interest in Maginito.

PULAWY SEPARATION PLANT

On June 7, 2021, the Company announced that Mkango and Grupa Azoty Zakłady Azotowe "Pulawy" S.A. ("Grupa Azoty PULAWY") have agreed to work together towards development of a rare earth separation plant (the "Plant") in Poland. The Plant will process the purified mixed rare earth carbonate derived from Songwe Hill into separated rare earth oxides.

A new Polish wholly owned subsidiary of Mkango, Mkango Polska, has been established and a highly experienced Country Director for Poland, Dr Jarosław Pączek, has been appointed, together with rare earth separation experts, Carester, and a strong team of technical advisors and engineers.

Grupa Azoty PULAWY (Warsaw Stock Exchange: ZAP) is part of The Grupa Azoty Group, the European Union's second largest manufacturer of nitrogen and compound fertilizers, and a major chemicals producer. Its products are exported to over 20 countries around the world, including Europe, the Americas and Asia.

The Parties have signed an exclusive lease option agreement for a site adjacent to Grupa Azoty PULAWY's large scale fertiliser and chemicals complex at Pulawy in Poland, which provides excellent infrastructure, access to reagents and utilities on site, and an attractive operating environment, resulting in a highly competitive operating cost position for the Plant, based on scoping studies to date.

Located within a Polish Special Economic Zone, the site provides excellent access to European and international markets. Production from the Plant will strengthen Europe's security of supply for rare earths, used in electric vehicles, wind turbines and other green technology and strategic applications, and aligns with European initiatives to create more robust, diversified supply chains.

Development of the Plant is expected to bring significant benefits to the Mkango group:

- Higher value-added products with increased margins – targeting 2,000 tonnes per year of separated neodymium (Nd)/praseodymium (Pr) oxides, and 50 tonnes per year dysprosium (Dy) and terbium (Tb) oxides in a heavy rare earth enriched carbonate
- Greater integration – plant development fully underpinned by sustainably sourced, purified mixed rare earth carbonate from Mkango's Songwe Hill operations, with other synergies being evaluated
- Increased marketing flexibility with a broader range of potential customers – future opportunities to produce and market separated heavy rare earths
- Catalyst for regional growth and the green transition – potential for further downstream developments and related businesses, including renewables, creating additional jobs in the region
- Engagement with financial institutions is underway to accelerate development, and additional strategic partnerships, downstream developments and marketing opportunities are being evaluated.

Feasibility studies for the Plant are being undertaken in parallel with the Songwe Hill rare earths project in Malawi.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Information discussed herein reflects the Company as a consolidated entity.

Financial Position

The following financial data is derived from the Company's consolidated statements of financial position as at December 31, 2020, 2019 and 2018:

As at December 31,	2020	2019	2018
Total assets	5,779,388	9,830,234	2,685,561
Shareholders' equity of parent	10,213,006	12,225,788	3,348,605

Total assets

Total assets were $5,779,388 as at December 31, 2020 as compared to $9,830,234 as at December 31, 2019. Total assets decreased by $4,050,846 as a result of the loss for the year.

Total assets were $9,830,234 as at December 31, 2019 as compared to $2,685,561 as at December 31, 2018. Total assets increased by $7,144,673, primarily due to a $7,129,315 increase in the amount of cash held.

At January 1, 2020, the Company had an opening cash position of $9,530,017. Cash received during the year ended December 31, 2020 was $106,897 from the exercise of warrants. Cash used in operations was $4,213,208 and cash of $641,930 was used for the investment in HyProMag. The effect of exchange rate changes on cash was an increase of $142,791 during the year for a closing cash position of $4,924,567.

At January 1, 2019, the Company had an opening cash position of $2,400,702. Cash received during the year ended December 31, 2019 was $10,829,931. This was received from three sources. First, on March 28, 2019, $9,067,027 was received from Talaxis (net of share issue expenses of $188,826) representing the third tranche of investment in Lancaster BVI. Second, $1,687,093 was received when warrants of the Company were exercised. Third, $75,811 was received when stock options were exercised. Cash used in operations was $3,571,152 and the effect of exchange rate changes on cash was a reduction of $79,114 during the year for a closing cash position of $9,530,017.

Total shareholders' equity (deficit) of parent

Total shareholders' equity was $10,213,006 as at December 31, 2020 compared to $12,225,788 as at December 31, 2019. The decrease of $2,012,782 is due to the loss attributable to common shareholders of $2,253,628 offset by proceeds from the exercise of warrants of $106,897.

Total shareholders' equity was $12,225,788 as at December 31, 2019 compared to $3,348,605 as at December 31, 2018. The shareholders' equity at December 31, 2018 has been restated from $5,038,140, a reduction of $1,689,535 to reflect the proportion of equity retained by Talaxis on investment directly in shares in Lancaster BVI and Maginito of $1,372,910 and $316,625 respectively. The increase of $8,877,183 is due to the recognition of a gain on recognition of non-controlling interests of $8,406,447 following further investment by Talaxis in Lancaster BVI, and the issue of $1,921,800 in equity following the exercise of warrants and share options during the year, offset by the loss attributable to common shareholders of $1,668,652.

Summary Results of Operations

The following financial data is derived from the Company's consolidated financial statements as at December 31, 2020, 2019 and 2018:

	Year ended December 31,		
	2020	2019	2018
Mineral project and research and development	2,372,416	1,747,499	4,949,232
Other expenditures*	1,747,493	1,992,205	2,549,353
Other items**	(52,223)	(700,468)	(322,457)
Total net loss	4,067,786	3,039,236	7,176,128
Total net loss attributable to non-controlling interest	1,814,158	1,370,584	1,454,239
Total net loss attributable to the common shareholders	2,253,628	1,668,652	5,721,889
Basic and diluted loss per share	$ (0.017)	$ (0.013)	$ (0.053)
Weighted average number of common shares (basic and diluted)	133,000,721	124,173,150	108,903,807
Distributions or Dividends	$ Nil	$ Nil	$ Nil

** Other expenditures represent all other expenditures, other than mineral project and research and development expenditure, disclosed in the statement of comprehensive loss and includes non-cash items.*

*** Other items are share of associated company losses, gains on the revaluation of warrants and options and interest income.*

The net loss for the year ended December 31, 2020 was $4,067,786 compared to the net loss reported for the year ended December 31, 2019 of $3,039,236. The net loss increased by $1,028,550 for the comparable periods. The significant items contributing to the change include:

1. Increased mineral project expenditure of $650,667 as a result of ongoing work on the Feasibility Study.
2. The result for 2019 included a credit of $700,369 from the revaluation of warrants which expired or were exercised during 2019
3. Share of losses and fair value adjustments in respect of the investment in HyProMag of $89,822.
4. Reduced Share based payment expenses of $146,833 and foreign exchange gains increased by £220,813

The net loss for the year ended December 31, 2019 was $3,039,236 compared to the net loss reported for the year ended December 31, 2018 of $7,176,128. The net loss decreased by $4,136,892 for the comparable periods. The significant items contributing to the change include:

1. The Maginito research and development expenses decreased by $384,423 as no significant payments were required during the period to advance the collaborative research programme with Metalysis.
2. A $378,927 decrease in warrant revaluation expense for the year ended December 31, 2019 because all outstanding non-broker warrants expired or were exercised during the year.
3. A $415,627 decrease in foreign exchange loss, which resulted from the revaluation of cash balances held in currencies other than the US dollar at the end of the period.
4. A $2,817,310 decrease in exploration expenses resulting from the significant costs incurred during the year ended December 31, 2018 when the Songwe Hill project drilling programme was underway. The Company incurred $546,732 in expenses for the certain technical studies during the year ended December 31, 2019
5. General and administrative expenses decreased by $247,209 for the year ended December 31, 2019 mainly as a result of lower legal costs related to the Talaxis investment agreement signed in 2018 and a reduction in Director and Officer compensation as no retirement payments were made in 2019.

RESULTS OF OPERATIONS

The selected period information and summary of financial results below is derived from and should be read in conjunction with the Financial Statements.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is selected financial data from the company's quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the quarter ended June 30, 2021:

Total Operations Attributable to common shareholders	**2021**		**2020**				**2019**	
	Q2	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q4**
Expenses	1,135,769	739,742	568,752	505,742	596,350	505,213	632,417	356,632
Other items	5,030	111,037	(137,136)	(108,894)	(54,189)	377,792	(187,311)	192,129
Warrant fair value loss (gain)	-	-	-	-	-	-	17,338	3,038
Net income (loss) for period	1,140,799	850,779	(431,616)	(396,848)	(542,161)	(883,003)	(462,444)	(551,799)
Loss per share - basic and diluted	$(0.009)	$(0.006)	$(0.003)	$(0.003)	$(0.004)	$(0.007)	$(0.003)	$(0.004)

The financial data for the eight periods reported have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee, in effect on June 30, 2021. The financial data does not include the non-controlling interest share of net loss for the period. The Company's principal activities require expenditures which include both exploration and general and administrative expenses.

SECOND QUARTER 2021 COMPARED TO SECOND QUARTER 2020

The Company recognized a net loss attributable to common shareholders of $1,140,799 and $542,161 for the three months ended June 30, 2021 and 2020, respectively. The increase of $598,638 in net loss attributable to common shareholders for the three months ended June 30, 2021 compared to the same period in 2020 is comprised mainly of a $488,494 increase in in mineral project expenses, a $28,241 increase in general and administrative expenses and a reduction in exchange gains on cash balances of $99,050 offset by a reduction of $44,169 in the company's share of

its associate's results. The increase in mineral project expenses is due to continuing work on the Feasibility Study and the reduction in unrealized foreign exchange gains was due to the reversal of unrealized exchange losses on cash held to meet payment obligations in foreign currencies other than the US Dollar which were revalued for reporting purposes as at the end of each reporting period.

FIRST QUARTER 2021 COMPARED TO FIRST QUARTER 2020

The Company recognized a net loss attributable to common shareholders of $850,779 and $883,003 for the three months ended March 31, 2021 and 2020, respectively. The decrease of $32,224 in net loss attributable to common shareholders for the three months ended March 31, 2021 compared to the same period in 2020 is comprised mainly of a $209,946 increase in in mineral exploration expenses and a $65,185 increase in general and administrative expenses offset by a reduction of $316,048 in foreign exchange losses. The increase in mineral project expenses is due to continuing work on the Feasibility Study and the increase in general and administrative expenses is mainly due to an increase in legal expenses, share based payment expense and investor relation costs offset by a decrease in travel expenses. The decrease in unrealized foreign exchange loss was due to the reversal of unrealized exchange losses on cash held to meet payment obligations in foreign currencies other than the US Dollar which were revalued for reporting purposes as at the end of each reporting period.

FOURTH QUARTER 2020 COMPARED TO FOURTH QUARTER 2019

The Company recognized a net loss attributable to common shareholders of $431,616 and $462,444 for the three months ended December 31, 2020 and 2019, respectively. The decrease of $30,828 in net loss attributable to common shareholders for the three months ended December 31, 2020 compared to the same period in 2019 is comprised mainly of a $34,221 increase in mineral project expenses due to increased spend on metallurgy and technical studies, a reduction in exchange gains of $93,170 and a fair value adjustment to the value of the investment in the associate offset by a $185,363 decrease in general and administrative expenses mainly due to a reduction in the share based payment expense and legal fees for the drafting of a mining development agreement to be entered into with the Government of Malawi (the "**DA**"). The reduction in unrealized foreign exchange gains was due to unrealized exchange gains on cash held to meet payment obligations in foreign currencies other than the US Dollar which were revalued for reporting purposes as at the end of each reporting period.

THIRD QUARTER 2020 COMPARED TO THIRD QUARTER 2019

The Company recognized a net loss attributable to common shareholders of $396,848 and $551,799 for the three months ended September 30, 2020 and 2019, respectively. The decrease of $154,951 in net loss attributable to common shareholders for the three months ended September 30, 2020 compared to the same period in 2019 is comprised mainly of a $131,754 increase in mineral project expenses due to increased spend on metallurgy and technical studies offset by a $35,463 decrease in general and administrative expenses mainly due to a reduction in the share-based payment expense and a reduction in exchange losses of $237,223. The increase in mineral project expenses is mainly due to increased expenditure on flotation optimization. The reduction in unrealized foreign exchange loss was due to unrealized exchange gains on cash held to meet payment obligations in foreign currencies other than the US Dollar which were revalued for reporting purposes as at the end of each reporting period.

RELATED PARTY TRANSACTIONS AND BALANCES

a) Leo Mining Exploration Ltd. ("Leo Mining") is considered related by virtue of common directors and officers who have an ownership in, and exercise significant influence over, both companies. The Company and Leo Mining have formalized their relationship with respect to services provided by Leo Mining. A written agreement sets out the types of services, which may be provided, and the costs associated with such services. The Company repays the disbursements made by Leo Mining on its behalf. During the six months ended June 30, 2021, the Company had incurred costs of $31,833 (June 30, 2020 - $44,325) for reimbursed exploration and administrative expenses. As of June 30, 2021, the Company has an outstanding advance to Leo Mining in the amount of $3,713 (June 30, 2020 - $1,460). The amount is unsecured and due on demand.
b) Talaxis is considered a related party as it holds more than 10% of the shares of the Company. Transactions and balances with Talaxis are disclosed throughout the consolidated financial statements.
c) Zenith Advisory Services Pty Ltd. ("Zenith") is considered a related party because a director of the Company is a principal of Zenith. During the six months ended June 30, 2021, the Company has incurred costs of $8,800 (June 30, 2020 - $8,000). As of June 30, 2021, the Company has an outstanding payable of $4,400

to Zenith (June 30, 2020 – $4,000). The current liabilities due to Zenith are unsecured, due on demand and non-interest bearing.

d) The Company incurred costs of $293,920 (June 30, 2020 – $370,265) for key management fees and director fees for the six months ended June 30, 2021. The non-executive Directors of the Company are each entitled to a fee of $17,600 per year and the Chairman of the Board is entitled to a fee of $44,000 per year. As of June 30, 2021, the Company had an outstanding payable due to directors and officers of $69,529 (June 30, 2020 – $39,172). The current liabilities due to key management and directors are unsecured, due on demand and non-interest bearing.

June 30,	**2021**	2020
Consulting fees	**229,096**	215,075
Director fees	**48,400**	50,798
Share-based payments	**16,424**	104,392
Total key management compensation	**293,920**	370,265

The amounts due to related party at June 30, 2021 were as follows:

June 30,	**2021**	2020
Due to related parties with common directors	**687**	2,540
Due to key management and directors	**69,529**	39,172
Total due to related parties	**70,216**	41,712

EXPENDITURES

Total expenses attributable to common shareholders and non-controlling interest	For the six months ended June 30, 2021	2020	***Variance***	For the three months ended June 30, 2021	2020	***Variance***
General and administrative						
Audit and tax management	42,098	26,183	***15,915***	21,073	16,217	***4,856***
Legal fees	90,337	132,059	***(41,722)***	28,191	118,758	***(90,567)***
Director and Officer salaries	313,367	265,873	***47,494***	156,836	134,232	***22,604***
Salaries and consulting fees	148,191	112,772	***35,419***	105,168	70,761	***34,407***
Rent, storage, telephone and insurance	87,373	99,478	***(12,105)***	44,353	56,998	***(12,645)***
Travel	24,764	95,262	***(70,498)***	20,501	4,289	***16,212***
AIM listing expense	48,057	47,733	***324***	23,014	23,405	***(391)***
Share-based payments	151,721	106,474	***45,247***	43,158	38,512	***4,646***
Depreciation	15,568	15,820	***(252)***	7,807	7,910	***(103)***
Investor relations and marketing	149,213	69,363	***79,850***	63,233	28,063	***35,170***
Sub total - General and administrative	1,070,689	971,017	***99,672***	513.334	499,145	***14,189***
Mineral project expenditures						
Songwe Hill Project						
Metallurgy expenses	1,400,479	628,656	***771,823***	822,970	354,817	***468,153***
Government fees	22,407	9,324	***13,083***	610	7,099	***(6,489)***
ESHIA	133,384	36,209	***97,175***	110,283	7,000	***103,283***
Grant refund accrued	-	(28,398)	***28,398***	-	-	-
Technical studies	584,500	321,370	***263,130***	476,077	135,516	***340,561***
Consulting fees	131,178	121,384	***9,794***	38,507	49,139	***(10,632)***
Malawi office and camp expenses	47,662	33,200	***14,462***	28,030	11,962	***16,068***
REE Separation Plant Feasibility Study	60,542	-	***60,542***	60,542	-	***60,542***
Thambani, Mchinji and Chimimbe projects	117,014	56,235	***60,779***	44,689	48,032	***(3,343)***
Sub total - Mineral projects	2,497,166	1,177,980	***1,319,186***	1,581,708	613,565	***968,143***
Interest income	(6,979)	(13)	***(6,966)***	(3,536)	(7)	***(3,529)***
Share of associated company's losses	(40,917)	16,065	***(56,982)***	(45,407)	13,095	***(58,502)***
Fair value adjustment	16,546	-	***16,546***	3,118	-	***3,118***
Foreign exchange (gain) loss	(5,336)	271,406	***(276,742)***	(9,412)	(212,034)	***202,622***
Sub total	(36,686)	287,458	***(324,144)***	(55,237)	(198,946)	***143,709***
Total Expenses net of interest income	**$3,531,169**	**$2,436,455**	***$1,094,714***	**$2,039,805**	**$913,764**	***$1,126,041***

Three months ended June 30, 2021 compared to the three months ended June 30, 2020

Total expenses net of interest income include those attributable to both the common shareholders and to the non-controlling interest. Total expenses increased by $1,126,041 from $913,764 for the three months ended June 30, 2020 to $2,039,805 for the three months ended June 30, 2021, as a result of the following:

a) General and administrative: General and administrative expenses were $14,189 higher for the three months ended June 30, 2021 compared to the three months ended June 30, 2020. There was a $90,567 decrease in legal expenses reflecting legal costs incurred on the mining development agreement and the HyProMag transaction documentation incurred in the second quarter of 2020. Director and Officer Salaries were $22,604 higher due a 10% pay rise for Directors and increased costs for the Chief Financial Officer. Salaries and consulting fees were $34,407 higher reflecting the consultancy arrangement with Jones Group International. Travel expenses were $16,212 higher for the three months ended June 30, 2021 as a result of increased travel in the quarter due to COVID-19 restrictions being relaxed compared to the second quarter of 2020. Investor relations and marketing costs were $35,170 higher due to increased mining conference activity during the three months ended June 30, 2021.

b) Mineral Projects: Mineral project expenses were $968,143 higher for the three months ended June 30, 2021 compared to the three months ended June 30, 2020. Metallurgy costs were $468,153 higher as the work on flotation and hydrometallurgy progresses. Technical studies were $340,561 higher reflecting increased costs as the Feasibility Study advances. The company commenced work on a REE Separation Plant Feasibility Study incurring $60,542.

c) Foreign Exchange Gain: The foreign exchange gain for the three months ended June 30, 2021 was $202,622 lower than the gain recognized for the three months ended June 30, 2020. The gain in the three months ended June 30, 2020 arose due to the part reversal of the effect of COVID-19 on exchange rates reducing cash held to meet payment obligations in foreign currencies other than the US Dollar.

Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Total expenses net of interest income include those attributable to both the common shareholders and to the non-controlling interest. Total expenses reduced by $31,326 from $1,522,690 for the three months ended March 31, 2020 to $1,491,364 for the three months ended March 31, 2021, as a result of the following:

d) General and administrative: General and administrative expenses were $85,483 higher for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. There was a $48,845 increase in legal expenses reflecting legal costs incurred on amendments to the warrants and an advisory agreement during the quarter. Director and Officer Salaries were $24,890 higher due a 10% pay rise for Directors and increased costs for the Chief Financial Officer. Travel expenses were $86,709 lower for the three months ended March 31, 2021 as a result of insignificant travel costs in the quarter due to COVID-19 restrictions compared to the attendance of conferences and site visits undertaken during the first quarter of 2020. Share based payments were $40,601 higher reflecting costs of the advisory agreement with Bacchus Capital and investor relations and marketing costs were $44,678 higher due to increased mining conference activity during the three months ended March 31, 2021.

e) Mineral Projects: Mineral project expenses were $351,043 higher for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. Metallurgy costs were $303,670 higher as the work on flotation optimization progresses. The company incurred $64,123 more on its Thambani, Mchinji and Chimimbe projects mainly due to exploration work on Mchinji rutile evaluation.

f) Foreign Exchange Gain: The foreign exchange loss for the three months ended March 31, 2021 was $479,363 lower than the expense recognized for the three months ended March 31, 2020. The loss in the three months ended March 31, 2020 arose due to the effect of COVID-19 on exchange rates reducing cash held to meet payment obligations in foreign currencies other than the US Dollar.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("**NI 52-109**"), the chief executive officer and chief financial officer of the Company have filed Form 52-109FV1 – *Certificate of Annual Filings - Venture Issuer Basic Certificate* with respect to the financial information contained in the Financial Statements for the three and six months ended June 30, 2021 and this accompanying MD&A (together, the "**Interim Filings**").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificate filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

COMMITMENTS

The Company holds three exploration licences and eleven retention licences in Malawi with commitments to pay annual licensing fees and to meet spending commitments for exploration expenses throughout the life of the licences. As of the date of this report, all licences were in good standing with the Malawi government.

The Company is continuing to meet the terms and conditions of its four exploration licences and provides updates to Malawi's Ministry of Mining on a regular quarterly basis regarding progress of all its work programs.

ISSUED AND OUTSTANDING SHARE INFORMATION

As at the date of this report, the Company has 153,949,884 Shares, 344,815 broker warrants and 11,820,000 stock options in issue.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not party to any off balance sheet arrangements or transactions.

ACCOUNTING POLICIES AND ESTIMATES

Management is required to make judgments, assumptions and estimates in the application of IFRS that have a significant impact on the financial results of the Company. Details outlining Mkango's accounting policies are contained in the notes to the Financial Statements.

RISK FACTORS

Environmental Risk

The Company is subject to substantial environmental requirements. The current and anticipated future operations and exploration activities of the Company in Malawi require permits from various governmental authorities and such operations and exploration activities are and will be governed by local laws and regulations governing various elements of the mining industry including, without limitation, land use, the protection of the environment, prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, and other matters. Globally, environmental legislation is evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and increasing liability exposure for companies and their directors and officers. There is no assurance that future environmental regulations will not adversely affect the Company's operations.

Exploration and Commercial Viability Risk

The Company does not currently produce rare earth elements from Songwe Hill where it is currently engaged in a Feasibility Study. While the Company has produced a pre-feasibility study, there is no assurance that the Feasibility Study will demonstrate the commercial viability of the project. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure and the realizable value of the minerals extracted. These factors include, but are not limited to, government approval for mining licences and exploration licence extensions applications, government regulations, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations. All or some of these factors may have an impact on the economic viability of Songwe Hill.

Macroeconomic Risk
From a macroeconomic perspective, ongoing global market uncertainty has led to a significant reduction in risk appetite with respect to funding investment into mining companies. The ability for mining companies to access capital through traditional means may be significantly diminished, with the possible long-term result that projects may take longer to develop or may not be developed at all.

Foreign Countries and Political Policy Risk
The Company has interests in properties that are located in the developing country of Malawi. The Company's mineral exploration may be affected in varying degrees by political instability and government regulations relating to foreign investment and the mining industry. Changes, if any, in mining or investment policies or shifts in political attitude in Malawi may adversely affect the Company's operations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, direct and indirect taxes, tax assessments, royalties, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory of judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Resource and Reserve Risk
Estimates of reserves and resources are inherently uncertain. There is a degree of uncertainty attributable to the calculation of reserves, resources and corresponding grades being mined or dedicated to future production. Until reserves or resources are actually mined and processed, the quantity of reserves or resources and grades must be considered as estimates only. In addition, the quantity of reserves or resources may vary depending on rare earth prices, operating costs and mining efficiency. Any material change in the quantity of reserves, resources or grade may affect the economic viability of Songwe Hill.

Mining Risks
The mining industry has been subject to considerable price volatility, over which companies have little control, and a material decline in the price of rare earth elements could result in a significant decrease in the Company's future anticipated revenues. The mining industry has inherent business risks and there is no assurance that products can continue to be produced at economical rates or that produced reserves will be replaced.

Coronavirus Risk
The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the governments of countries in which the Company operates regarding travel, business operations and isolation/quarantine orders.

The Company is proactively managing the potential impact of COVID-19 with the health and safety of our employees, contractors, local communities and other stakeholders being the highest priority. The Company is continuously reviewing the situation and actively amending operations to comply with Malawi government guidelines and restrictions ensuring the health and safety of all members.

Whilst the Feasibility Study is continuing with work underway in Malawi, Australia, South Africa and the UK, the Company believes it is inevitable that some work streams will be impacted, however the degree of impact is currently uncertain. The Company is targeting completion of the Feasibility Study in the first quarter of 2022, however, extended periods of COVID-19 disruption may further impact this timing.

Operations at HyProMag are continuing in line with current UK government guidelines.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by countries to fight the virus.

Readers are cautioned that the foregoing is a summary only of certain risk factors and is not exhaustive and is qualified in its entirety by reference to, and must be read in conjunction with the additional information on these and other factors that could affect Mkango's operations and financial results that are included in reports on file with Canadian securities regulatory authorities and may be accessed through on SEDAR at www.sedar.com.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

All financial instruments are initially recognized at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as fair value through profit or loss ("**FVTPL**"), held for trading, loans and receivables, financial assets available-for-sale, financial assets held-to-maturity, and other financial liabilities.

Financial assets and financial liabilities classified as FVTPL are measured at fair value with changes in fair value recognized in net earnings or loss. Financial assets, available-for-sale, are measured at fair value, with changes in fair value recognized in other comprehensive income. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method of amortization.

Accounts receivable is designated as loans and receivables. Accounts payable and accrued liabilities and due to related parties are designated as other financial liabilities.

The fair value of cash, accounts receivable, accounts payable and amounts due to related party approximates the carrying value. Financial instruments and share-based payment transactions are measured at fair value. The main financial risks affecting the Company are discussed below:

Fair values

Financial assets and liabilities have been classified into categories that determine their basis of measurement and for items measured at fair value, whether changes in fair value are recognized in the consolidated statement of comprehensive loss. Those categories are fair value through profit or loss; loans and receivables; and, for most liabilities, other financial liabilities.

In establishing fair value, the Company used a fair value hierarchy based on levels defined below:

- Level 1 - quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs for the asset or liability that are not based on observable market data.

Cash are measured at level 1; The option to acquire shares in the associate and the convertible loan derivative financial instruments are measured at level 3.

The fair value of these financial instruments was determined using binomial pricing models for American and Bermudan style options. The key input to these models is the volatility rate which was in the range of 67 to 70% which is an estimate based on volatility rates of comparable companies to Mkango Resources Limited. A 10% increase in the volatility rate would result in an additional charge to the income statement of $1,800 and a 10% decrease would result in a credit to the income statement of $3,300.

The carrying value of accounts receivable, subscriptions receivable, accounts payable and accrued liabilities and current liabilities due to related parties, approximates the fair value due to their short-term nature and maturity. Warrants with an exercise price in a currency other than the functional currency are recorded as a derivative liability and carried at fair value.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, receivables.

Concentration risk

The majority of the Company's cash is held by one major international bank. Deposits held with this bank may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and bear minimal risk.

Foreign currency rate risk

The functional and reporting currency of the Company is the United States dollar. The Company enters into transactions denominated in Canadian dollars, the United States dollar, the British sterling, the Australian dollar, South African rand and Malawian kwacha. The Company raises its equity in British sterling and Canadian dollars and then purchases Euros, British sterling, United States dollars, Australian dollar, South African Rand and Malawi Kwacha funds to settle liabilities. The Company minimizes exposure to foreign exchange loss by converting funds to the appropriate currencies upon receipt of funding based on the expected use of the various foreign currencies.

The Company's exposure to foreign currency risk as at June 30, 2021 and December 31, 2020, is most significantly influenced by the following cash amounts held in foreign currencies (amounts shown in US dollars):

	June 30, 2021	December 31, 2020
Cash:		
Canadian dollars	**$ 329**	$ 78,559
United States dollars	**67,542**	586,954
Pound Sterling	**2,022,961**	2,602,026
Euro	**17,757**	288,469
Malawi Kwacha	**5,580**	18,438
Australian dollar	**60,486**	1,350,121
	$ 2,174,655	$ 4,924,567

A 5% reduction in the value of the Canadian dollar, Euro, British pound and Australian dollar in comparison to the US Dollar would cause a change in net loss of approximately $105,000 (December 31, 2020: $216,000). A 5% change in the value of the Malawian Kwacha in relation to the US Dollar would not cause a material change in net loss.

Liquidity Risk

Liquidity risk includes the risk that, as a result of the Company's operational liquidity requirements:

- The Company will not have sufficient funds to settle a transaction on the due date;
- The Company will be forced to sell financial assets at a value which is less than what they are worth; or
- The Company may be unable to settle or recover a financial asset at all.

The Company's operating cash requirements, including amounts projected to complete the Company's existing capital expenditure programme and the Feasibility Study are continuously monitored and adjusted as input variables change. As these variables change, liquidity risks may require the Company to conduct equity issues or obtain project debt financing.

The Company has in the past relied on equity financings to fund its activities. However, given the Definitive Agreements, the Company does not anticipate the need to raise additional equity capital in the short term. Should it, however, need to raise additional funds and while it has been successful in raising funds in the past, there is no guarantee that adequate funds will be available in the future.

The following table outlines the maturities of the Company's financial liabilities as at December 31, 2020:

	Contractual Cash Flows	Less than 1 Year	Greater than 1 Year
Accounts payable and accrued liabilities	$ 907,665	$ 907,665	$ -
Due to related parties	$ 70,216	$ 70,216	$ -

Capital Risk

The Company's objective when managing capital is to maintain a flexible capital structure which will allow it to execute its capital expenditure programme, which includes expenditures in mining activities which may or may not be successful. The Company has no externally imposed capital requirements. Prior to the Talaxis transaction, the Company depended on equity placements to remain solvent. Should it need to do so again in the future, cash from these placements may or may not be available depending on market or other conditions.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2021, the Company had a working capital surplus of $1,446,840 (December 31, 2020 – $4,838,890) and retained earnings deficit attributable to the shareholders of the Company of $8,305,385 (December 31, 2020 - $6,313,809).

The Company's total capital consists of Mkango's shareholders' equity of $8,379,204, as at June 30, 2021 (December 31, 2020 –$10,213,006). The operations of the Company for the next 12 months will be funded by existing cash resources as a result of the restructuring and complementary fundraising referred to in the subsequent events section above.

Therefore, the Company expects that funding previously received from Talaxis and funds received from the exercise of stock options and warrants, and received from the £5.52m ($7.6m) ($7.3 million net) fundraising announced on August 5, 2021, will be sufficient to fund Mkango's activities in the near term.

DIRECTORS AND OFFICERS

William Dawes, Director and Chief Executive Officer
Alexander Lemon, Director and President
Derek Linfield, Non-Executive Chairman of the Board of Directors
Shaun Treacy, Non-Executive Director (Audit Committee Chairman)
Susan Muir, Non-Executive Director (Audit Committee, Remuneration Committee Chairman and Corporate Secretary)
Adrian Reynolds, Non-Executive Director (Audit Committee, Remuneration Committee)
Tim Slater, Interim Chief Financial Officer

APPENDIX A

Table 1 - Selected Drill Results

Forty-nine of the drill holes intersected significant zones of rare earths mineralisation grading above 1% total TREO.

PX056	**114.8 m grading 1.6% TREO** (60.7 – 175.5 m) including **30.0 m grading 2.0% TREO** (135.0 – 165.0 m). Inclined hole (60 degrees west).
PX059	**63.0 m[1] grading 1.7% TREO** (6.0 – 69.0 m), including **23.0 m[2] grading 2.3% TREO** (7.0 – 30.0 m), and **15.4 m grading 1.6% TREO** (128.0 – 143.4 m). Inclined hole (60 degrees west).
PX073	**67.1 m grading 1.6% TREO** (8.8 – 75.9 m) including **25.2 m grading 2.0% TREO** (45.0 – 70.2 m). Inclined hole (60 degrees west).
PX076	**40.2 m grading 1.8% TREO** (60.4 – 100.7 m) including **20.0 m grading 2.4% TREO** (60.4 – 80.4 m). Inclined hole (60 degrees west).
PX077	**51.9 m[3] grading 1.7% TREO** (26.2 – 78.0 m). Inclined hole (60 degrees west).
PX081	**53.3m[4] grading 2.2% TREO** (3.7 – 57.0 m) including **26.8 m grading 3.1% TREO** (3.7 – 30.5 m). Inclined hole (60 degrees east).
PX086	**73.3 m grading 1.9% TREO** (21.5 – 94.8 m). Inclined hole (60 degrees west).
PX087	**74.4 m[5] grading 2.1% TREO** (16.2 – 90.6 m). Inclined hole (60 degrees west).
PX090	**25.7 m[6] grading 3.9% TREO** (39.5 – 65.2 m). Inclined hole (60 degrees west).
PX092	**74.9 m grading 1.9% TREO** (10.1 – 84.9 m) and **51.9 m grading 1.5% TREO** (97.6 – 149.5 m EoH). Inclined hole (60 degrees south).
PX093	**83.9 m grading 1.9% TREO** (1.5 – 85.4 m) including **18.0 m grading 3.0% TREO** (21.0 – 39.0 m). Inclined hole (60 degrees west).
PX098	**65.0 m[7] grading 1.7% TREO** (1.1 – 66.0 m) and **13.1 m grading 1.2% TREO** (115.0 – 128.1 m). Inclined hole (60 degrees south).
PX103	**165.2 m grading 1.6% TREO** (2.6 – 167.8 m). Inclined hole (60 degrees east).
PX107	**91.3 m[8] grading 1.3% TREO** (23.0 – 114.2 m) including **32.2 m[9] grading 1.9% TREO** (82.0 – 114.2 m). Inclined hole (60 degrees east).
PX108	**45.8 m grading 1.4% TREO** (8.2 – 54.0 m) and **57.3 m grading 1.7% TREO** (76.9 – 134.2 m). Inclined hole (60 degrees east).
PX109	**53.0 m grading 2.1% TREO** (22.0 – 75.0 m) including **22.0 m grading 3.0% TREO** (24.0 – 46.0 m). Inclined hole (60 degrees east).
PX113	**51.1 m[10] grading 2.2% TREO** (4.7 – 55.8 m). Inclined hole (50 degrees north).
PX112	**100.9 m grading 3.3% TREO** (5.9 – 106.8 m EoH) including **20.5 m grading 4.2% TREO** (5.9 – 26.4 m) and 22.2 m grading 4.1% TREO (36.0 – 58.2 m). Inclined hole (60 degrees south).
PX125	**104.5 m grading 1.5% TREO** (3.5 – 108.0 m) including 51.5 m grading 1.9% TREO (3.5 – 55.0 m). Inclined hole (60 degrees south).

[1] Includes two cavities totaling 5.9m not sampled. [2] Includes a 2.5m cavity not sampled. [3] Includes a 2.7m cavity not sampled. [4] Includes a 3.8m cavity not sampled. [5] Includes a 2.7m cavity not sampled. [6] Includes a 6.3m cavity not sampled. Due to the size of the cavity, the significance of this intersection is uncertain. [5] Includes a 2.3m cavity not sampled. [6] Includes two cavities totaling 2.3m not sampled. [7] Includes a 0.9m cavity not sampled. [8] Includes two cavities totaling 10.0m not sampled. [9] Includes a 0.9m cavity not sampled. [10] Includes two cavities totaling 10.0m not sampled. Due to the size of the cavities, the significance of this intersection is uncertain. TREO: total rare earth oxides based on total La_2O_3, Ce_2O_3, Pr_2O_3, Nd_2O_3, Sm_2O_3, Eu_2O_3, Gd_2O_3, Tb_2O_3, Dy_2O_3, Ho_2O_3, Er_2O_3, Tm_2O_3, Yb_2O_3, Lu_2O_3, Y_2O_3. These intersections are reported as down hole widths and do not necessarily represent true thicknesses and attitude of the mineralized zones, the estimation of which will require further refining of the geological model.

Drill holes PX072, PX073, PX078, PX079, PX080, PX083, PX084, PX085, PX088, PX089, PX090, PX091, PX093, PX094, PX095, PX109, PX114, PX118, PX119, PX120, PX121, PX122, PX123 and PX124 were step-out holes focused on testing north and north-west extensions of the mineralisation. Of these 24 drill holes, 19 intersected broad

zones of mineralisation. The mineralised intersection in PX113 indicates the extension of the higher grade carbonatite zone located in the north-east as indicated on the accompanying geological map on the Company's website, to the north under cover. Drill holes PX038, PX039, PX040 and PX041 were step-out drill holes, focused on testing extensions of mineralisation to the south. The intersections in PX039 and PX040 further indicate that mineralisation may extend to the south. The remaining drill holes were focused on infill zones in the previous exploration/resource area defined by drill holes PX001 to PX035. Intersections of broad zones of mineralisation, as opposed to narrow veins or dykes, continue to support the concept of a bulk tonnage, open pit mining operation with low mining costs.

Table 2 - Full set of TREO results for the Songwe Hill exploration programme

Drill Hole	From	To	Interval		La_2O_3	Ce_2O_3	Pr_2O_3	Nd_2O_3	Sm_2O_3	Eu_2O_3	Gd_2O_3	Tb_2O_3	Dy_2O_3	Ho_2O_3	Er_2O_3	Tm_2O_3	Yb_2O_3	Lu_2O_3	Y_2O_3	TREO
	m	m	m		ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%
PX039	**122.9**	**142.0**	**19.2**		4,394	7,467	756	2,432	323	82	188	22	96	15	35	5	29	5	440	**1.6%**
PX040	**28.0**	**43.0**	**15.0**		5,020	7,061	645	2,006	303	90	239	33	164	28	67	9	47	6	844	**1.7%**
PX045a	**9.8**	**30.9**	**21.1**		2,006	4,148	495	1,833	309	89	217	27	127	20	47	6	33	5	547	**1.0%**
PX050	**8.0**	**161.0**	**153.0**		2,790	5,578	643	2,353	344	87	214	26	128	21	51	7	40	5	607	**1.3%**
including	**96.0**	**126.0**	**30.0**		4,370	8,097	890	3,132	430	108	267	32	149	24	57	8	53	7	654	**1.8%**
including	**137.9**	**161.0**	**23.2**		3,687	7,162	808	2,899	415	105	254	31	145	24	55	7	42	5	651	**1.6%**
PX053	**25.0**	**61.0**	**36.0**		3,461	6,442	683	2,309	365	98	236	27	117	18	39	4	22	3	492	**1.4%**
	74.4	**94.6**	**20.2**	(i)	2,920	5,507	585	1,972	288	72	169	20	95	15	38	5	24	3	469	**1.2%**
(i) Includes 2.1m cavity not sampled.																				
PX054	**23.4**	**182.0**	**158.7**		2,733	5,233	582	2,097	322	86	205	24	113	18	44	6	34	5	521	**1.2%**
including	**45.8**	**102.3**	**56.6**		3,315	6,337	703	2,489	355	95	226	28	133	22	51	6	36	5	611	**1.4%**
PX055	**21.4**	**47.5**	**26.2**		3,921	6,592	676	2,282	332	85	193	21	92	15	35	5	28	4	425	**1.5%**
	67.7	**103.2**	**35.5**		2,627	5,470	626	2,258	328	89	214	26	119	19	44	5	30	4	520	**1.2%**
PX056	**60.7**	**175.5**	**114.8**		3,951	7,339	799	2,784	404	105	243	28	124	20	47	6	32	4	570	**1.6%**
including	**135.0**	**165.0**	**30.0**		5,463	9,096	920	3,003	392	101	232	26	116	18	43	5	29	4	516	**2.0%**
PX057	**9.0**	**39.7**	**30.7**		3,696	6,496	714	2,334	327	82	188	21	93	15	36	4	23	3	407	**1.4%**
PX058	**29.5**	**71.0**	**41.6**		2,885	5,784	636	2,208	311	83	190	21	97	15	36	4	23	3	421	**1.3%**
PX059	**6.0**	**69.0**	**63.0**	(i)	3,980	7,314	785	2,617	392	112	279	36	173	29	76	10	57	8	879	**1.7%**
including	**7.0**	**30.0**	**23.0**	(ii)	5,890	9,922	1,012	3,237	469	138	358	47	227	38	100	13	76	10	1,171	**2.3%**
	128.0	**143.4**	**15.4**		4,122	7,352	778	2,645	370	94	212	25	121	20	49	6	36	5	604	**1.6%**
(i) Includes 5.9m cavity not sampled.																				
(ii) Includes 2.5m cavity not sampled.																				
PX063	**4.4**	**21.4**	**17.0**		2,951	6,117	698	2,540	359	100	239	32	168	29	71	8	51	7	838	**1.4%**
	96.4	**109.8**	**13.4**	(i)	3,908	8,548	1,000	3,703	558	135	292	29	126	20	46	5	33	5	616	**1.9%**
(i) Includes 5.5m cavity not sampled.																				
PX066	**61.8**	**134.2**	**72.4**		3,122	5,703	620	2,110	301	81	196	23	112	18	44	5	33	4	510	**1.3%**
including	**99.0**	**122.6**	**23.6**		4,147	7,328	776	2,530	337	90	219	26	127	20	50	6	40	5	576	**1.6%**
PX067	**6.0**	**128.8**	**122.8**		3,237	5,661	598	2,105	312	85	197	22	99	15	37	5	29	4	452	**1.3%**
including	**44.0**	**70.8**	**26.8**		4,119	7,791	858	3,039	429	112	250	27	120	19	46	6	39	6	564	**1.7%**

PX070	**5.0**	**51.6**	**46.6**		5,228	8,218	785	2,502	318	83	192	21	93	14	30	3	19	3	364	**1.8%**
	78.4	**201.3**	**123.0**		5,186	8,463	824	2,587	305	77	173	19	82	12	27	3	18	2	330	**1.8%**
including	**78.4**	**122.0**	**43.7**		8,194	12,954	1,212	3,596	350	81	173	17	75	11	25	3	18	2	303	**2.7%**
PX072	**12.6**	**28.4**	**15.8**		3,364	6,889	773	2,693	405	104	247	28	121	18	41	5	25	3	532	**1.5%**
	93.9	**147.8**	**53.9**		2,358	4,684	525	1,886	301	77	179	20	94	16	39	5	27	4	486	**1.1%**
PX073	**8.8**	**75.9**	**67.1**		4,024	7,255	790	2,740	401	103	232	25	114	19	43	5	28	4	507	**1.6%**
including	**45.0**	**70.2**	**25.2**		5,278	8,924	948	3,159	439	110	241	24	106	17	36	4	21	3	438	**2.0%**
PX076	**60.4**	**100.7**	**40.2**		5,618	8,453	789	2,458	311	80	183	22	98	15	33	4	24	3	404	**1.8%**
including	**60.4**	**80.4**	**20.0**		7,432	11,021	1,020	3,106	372	93	209	24	108	16	36	4	25	3	434	**2.4%**
PX077	**27.8**	**78.0**	**50.2**		5,081	7,864	733	2,266	284	75	178	22	99	16	34	4	22	3	415	**1.7%**
PX078	**6.0**	**28.3**	**22.3**		3,214	5,866	621	2,144	332	86	207	24	117	19	44	5	29	4	517	**1.3%**
	76.2	**144.4**	**68.3**		5,114	8,386	832	2,745	366	90	205	22	103	17	39	5	27	3	482	**1.8%**
including	**125.1**	**144.4**	**19.4**		9,581	14,066	1,306	4,063	500	119	250	24	98	14	32	4	20	3	403	**3.0%**
PX080	**5.7**	**109.8**	**104.1**	(i)	3,118	5,426	578	2,018	316	82	189	21	94	15	34	4	25	3	406	**1.2%**
including	**33.6**	**87.6**	**54.1**	(i)	3,854	6,669	709	2,453	377	96	217	24	102	16	37	5	28	4	438	**1.5%**
(i) Includes 2.1m of core loss not sampled.																				
PX081	**3.7**	**57.0**	**53.3**	(i)	6,530	10,274	979	3,058	377	97	243	29	137	22	52	6	36	4	638	**2.2%**
including	**3.7**	**30.5**	**26.8**		9,531	14,108	1,290	3,863	440	108	269	32	144	24	56	7	39	5	684	**3.1%**
(i) Includes 3.8m cavity not sampled.																				
PX083	**31.0**	**73.2**	**42.2**		2,338	4,551	521	1,961	330	92	228	28	134	21	49	6	31	4	619	**1.1%**
PX086	**21.5**	**94.8**	**73.3**		4,503	8,452	903	3,098	431	115	272	32	158	26	61	7	43	5	731	**1.9%**
PX087	**16.2**	**90.6**	**74.4**	(i)	5,731	9,603	981	3,234	410	107	247	30	143	23	53	6	36	4	630	**2.1%**
(i) Includes 2.7m cavity not sampled.																				
PX088	**47.0**	**100.7**	**53.7**		1,894	3,988	486	1,919	355	94	225	27	132	22	53	6	35	4	639	**1.0%**
PX089	**54.3**	**88.5**	**34.2**		2,215	4,270	465	1,694	285	80	195	23	110	18	42	5	29	4	491	**1.0%**
PX090	**39.5**	**65.2**	**25.7**	(i)	12,424	18,649	1,670	4,792	512	138	324	39	167	25	56	7	41	6	631	**3.9%**
(i) Includes 6.3m cavity not sampled. Due to size of cavity, the significance of this intersection is uncertain.																				
PX092	**10.1**	**84.9**	**74.9**		5,133	8,693	859	2,749	374	97	229	26	116	17	39	5	28	4	482	**1.9%**
	97.6	**149.5**	**51.9**		3,376	6,493	708	2,472	375	99	232	26	120	19	49	7	46	6	576	**1.5%**
PX093	**1.5**	**85.4**	**83.9**		5,070	8,720	892	2,948	394	104	243	29	132	21	51	7	40	5	592	**1.9%**
including	**21.0**	**39.0**	**18.0**		8,914	14,033	1,348	4,171	472	115	255	28	118	18	41	5	33	5	474	**3.0%**
PX094	**25.0**	**100.7**	**75.7**	(i)	3,363	5,652	567	1,876	284	81	204	24	112	18	43	5	32	4	482	**1.3%**
including	**67.0**	**79.0**	**12.0**		6,336	9,822	928	2,828	385	112	282	33	147	23	52	6	38	5	593	**2.2%**
(i) Includes 8.5m cavity not sampled.																				

PX095	**60.0**	**82.9**	**22.9**	(i)	2,116	4,470	510	1,880	273	73	175	21	108	19	47	6	34	4	539	**1.0%**
(i) Includes 2.0m cavity not sampled.																				
PX098	**1.1**	**66.0**	**65.0**	(i)	3,682	7,400	836	2,942	428	112	278	35	168	29	73	10	55	8	872	**1.7%**
	115.0	**128.1**	**13.1**		3,013	5,409	579	1,974	306	84	213	27	124	20	46	6	29	4	568	**1.2%**
(i) Includes 2.3m cavity not sampled.																				
PX100	**94.6**	**100.7**	**6.1**		10,223	17,450	1,815	6,064	765	172	360	35	140	20	45	6	30	4	616	**3.8%**
PX101	**36.6**	**42.3**	**5.7**		2,981	6,306	746	2,771	493	131	322	36	148	21	43	5	29	4	560	**1.5%**
PX102	**8.7**	**36.0**	**27.3**		2,730	6,487	789	2,869	342	78	163	17	76	11	25	3	14	2	335	**1.4%**
	75.0	**110.3**	**35.3**		2,096	5,170	671	2,623	381	96	217	26	130	22	51	6	28	3	658	**1.2%**
PX103	**2.6**	**167.8**	**165.2**		3,512	6,903	788	2,809	412	111	263	31	144	23	55	7	45	6	658	**1.6%**
PX104	**1.9**	**47.0**	**45.1**	(i)	2,562	5,388	617	2,273	338	96	230	28	139	22	52	7	38	5	618	**1.2%**
	95.6	**135.0**	**39.4**		3,122	5,206	527	1,794	277	80	189	21	99	15	35	4	25	4	433	**1.2%**
(i) Includes 5.0m cavity not sampled.																				
PX105	**3.8**	**79.5**	**75.7**		2,711	5,036	550	1,963	312	86	199	24	112	18	43	5	27	4	523	**1.2%**
PX106	**51.9**	**67.5**	**15.7**		2,579	5,090	562	1,968	294	81	192	23	108	17	40	5	25	3	478	**1.1%**
	79.7	**109.0**	**29.3**		2,036	4,451	527	1,952	317	87	209	25	121	21	51	7	39	5	604	**1.0%**
PX107	**23.0**	**114.2**	**91.3**	(i)	3,041	5,727	632	2,258	336	95	232	29	140	23	60	8	48	6	700	**1.3%**
	82.0	**114.2**	**32.2**	(ii)	4,624	8,375	911	3,176	457	125	300	37	168	27	70	10	53	7	827	**1.9%**
(i) Includes 2.3m cavity not sampled.																				
(ii) Includes 0.9m cavity not sampled.																				
PX108	**8.2**	**54.0**	**45.8**		3,553	6,243	656	2,234	360	106	261	32	149	24	58	7	45	7	705	**1.4%**
	76.9	**134.2**	**57.3**		4,774	7,740	761	2,417	333	90	205	23	102	15	34	4	24	3	418	**1.7%**
PX109	**22.0**	**75.0**	**53.0**		6,078	9,518	896	2,790	348	88	204	23	97	15	33	4	22	3	391	**2.1%**
including	**24.0**	**46.0**	**22.0**		8,845	13,770	1,285	3,962	477	121	280	31	130	19	41	5	27	3	512	**3.0%**
PX110	**9.2**	**22.4**	**13.2**		6,648	9,822	965	2,852	348	88	204	24	109	18	39	4	22	3	451	**2.2%**
	85.0	**100.7**	**15.7**		4,927	9,588	1,102	3,601	475	117	270	31	148	25	58	7	41	5	676	**2.1%**
PX111	**7.0**	**42.0**	**35.0**		2,893	6,042	683	2,504	443	128	312	38	169	25	53	6	30	4	657	**1.4%**
	69.5	**115.9**	**46.4**		3,666	6,542	670	2,313	357	97	232	26	111	17	40	5	33	4	476	**1.5%**
PX112	**5.9**	**106.8**	**100.9**		10,530	15,038	1,357	4,067	455	114	279	32	137	22	49	6	35	4	606	**3.3%**
including	**5.9**	**26.4**	**20.5**		14,172	19,387	1,698	4,949	518	131	323	37	160	25	58	7	39	5	719	**4.2%**
including	**36.0**	**58.2**	**22.2**		13,856	19,053	1,655	4,776	495	121	289	31	128	19	41	5	28	4	522	**4.1%**
PX113	**4.7**	**55.8**	**51.1**	(i)	5,458	9,720	993	3,572	474	124	289	34	165	26	64	8	44	6	772	**2.2%**
(i) Includes 10.0m cavity not sampled.																				
PX114	**56.0**	**100.7**	**44.7**	(i)	3,762	6,498	663	2,194	319	80	186	21	98	15	34	4	22	3	409	**1.4%**
(i) Includes two cavities totaling 9.3m not sampled.																				

PX115	**2.7**	**17.7**	**15.0**		2,365	4,945	564	2,107	316	84	195	23	107	18	42	5	31	4	522	**1.1%**
	46.3	**61.0**	**14.8**		2,468	5,132	583	2,180	350	96	221	26	116	18	42	5	29	4	493	**1.2%**
PX116	**57.3**	**66.0**	**8.7**		4,426	9,933	1,205	4,615	752	189	397	40	166	24	52	6	33	5	720	**2.3%**
PX118	**4.4**	**91.0**	**86.6**		3,236	5,889	595	1,919	304	81	192	23	107	18	42	5	31	4	509	**1.3%**
including	**46.0**	**91.0**	**45.0**		3,715	6,777	681	2,170	328	86	200	23	108	18	41	5	30	4	497	**1.5%**
	120.9	**151.6**	**30.7**	(i)	2,248	4,667	497	1,842	346	95	228	27	133	22	52	6	33	4	640	**1.1%**
(i) Includes 2.2m cavity not sampled.																				
PX119	**14.8**	**64.8**	**50.0**		3,389	6,119	640	2,135	292	76	178	20	95	16	39	5	28	4	422	**1.3%**
including	**14.8**	**24.6**	**9.8**		8,483	12,932	1,184	3,347	334	84	193	22	98	15	34	4	23	3	380	**2.7%**
PX120	**3.1**	**42.7**	**39.6**		2,631	5,272	572	2,010	284	75	175	20	90	14	34	4	25	3	380	**1.2%**
PX121	**60.0**	**95.5**	**35.5**		3,598	6,143	655	2,218	336	89	212	24	113	17	40	5	28	4	487	**1.4%**
PX122	**84.0**	**106.8**	**22.8**	(i)	3,639	5,899	586	1,934	273	74	172	21	100	16	37	5	27	3	431	**1.3%**
(i) Includes two cavities totaling 4.2m not sampled.																				
PX123	**75.9**	**100.8**	**24.9**		2,304	4,657	513	1,807	248	61	135	15	67	11	28	4	19	3	331	**1.0%**
PX124	**24.7**	**58.8**	**34.1**		2,748	5,520	604	2,120	279	73	166	21	107	19	51	7	40	5	556	**1.2%**
PX125	**3.5**	**108.0**	**104.5**		4,244	6,599	630	1,989	272	77	187	24	113	18	40	5	26	3	475	**1.5%**
including	**3.5**	**55.0**	**51.5**		5,416	8,469	807	2,505	313	85	205	27	135	22	51	6	34	4	609	**1.9%**
Drill holes PX038, PX041, PX044, PX051, PX084, PX085 and PX091 did not intersect significant zones of mineralisation grading above 1% TREO																				

These intervals are reported as down hole widths and do not necessarily represent true thicknesses and attitude of the mineralised zones, the estimation of which requires further refining of the geological model.

APPENDIX B

MCHINJI, MCHINJI DISTRICT

RUTILE AND ILMENITE DISCOVERY IN MALAWI

Table 1

Results are given in the table below for vertical auger hole A6 positioned at co-ordinates 507971E 8482591N in UTM Zone 36S:

Auger Hole A6	Total Heavy minerals %	TiO2 %	Rutile + Anatase %	Ilmenite %
0 – 1 m	5.32	4.09	0.66	3.40
1 – 2 m	4.95	3.74	0.66	2.87
2 – 3 m	7.12	3.29	0.69	1.71
3 – 4 m	8.04	3.21	0.66	1.31
4 – 5 m	7.78	3.17	0.63	1.30
5 – 6 m	9.01	3.24	0.74	1.41
6 – 7 m	5.79	3.56	0.65	1.44
7 – 8 m	4.10	3.89	0.85	1.58
8 – 8.9 m	4.18	3.81	1.07	1.62
Weighted average	*6.28*	*3.55*	*0.73*	*1.85*

APPENDIX C

THAMBANI, MWANZA DISTRICT

Table 1 -Assays from the 10 highest- U_3O_8 samples from the Thambani trenching programme

Trench No.	Profile	Sample No	From (m)	To (m)	Rock type	U_3O_8 Ppm	Nb_2O_5 ppm	Ta_2O_5 ppm
C3	A	U3622	0.5	1	Soil	47,094	32,462	45
C3	A	U3623	1	1.5	Soil	1,057	735	59
T11	C	U3508	0.5	1	Decomposed Feldspathic	4,231	7,805	743
T11	C	U3509	1	1.5	Decomposed Feldspathic	2,539	6,619	911
T11	B	U3505	0.5	1	Decomposed Feldspathic	2,369	5,424	972
T15	A	U3554	1	1.5	Feldspathic rock	1,657	4,346	67
T15	A	U3553	0.5	1	Feldspathic rock	1,616	3,754	431
T15	E	U3565	0.5	1	Feldspathic rock	1,553	3,525	41
T14	D	U3549	1.5	2	Feldspathic rock	1,432	3,034	434
T19	C	U3604	1	1.5	Feldspathic rock	1,367	5,525	675

Table 2 - Assays from the 10 highest grade U3O8 samples from the 2019 Thambani sampling programme

Sample ID.	U_3O_8 ppm	Ta_2O_5 ppm	Nb_2O_5 ppm
T0567	7,369	3,849	12,933
G1902	2,755	4,057	32,401
G1951	2,254	2,152	14,713
G1928	2,028	2,450	17,516
G1962	1,880	1,561	8.634
G1938	1,483	29	305
G1903	1,409	2,305	19,451
G1929	1,333	1,886	14,764
G1946	1,275	855	3,126
G1961	1,239	1,698	12,823

Table 3 - Summary of assay results (grades in ppm) from the 2019 Thambani sampling programme

	Rock grab samples			Trench samples		
	U_3O_8	Ta_2O_5	Nb_2O_5	U_3O_8	Ta_2O_5	Nb_2O_5
Average	777	761	5,267	221	161	881
Median	659	542	3,340	93	87	654
Minimum	6	7	63	14	15	222
Maximum	2,755	4,057	32,401	7,369	3,849	12,933