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MKANGO ANNOUNCES PROPOSED INVESTMENT IN HYPROMAG TO ESTABLISH A RARE EARTH MAGNET RECYCLING FACILITY IN THE UK

London / Vancouver: September 23, 2019 - Mkango Resources Ltd. (AIM/TSX-V: MKA) (the "Company" or "Mkango") is pleased to announce that Maginito Limited ("Maginito"), has signed an investment term sheet and one year exclusivity agreement with HyProMag Limited ("HyProMag"), a private company focused on rare earth magnet recycling (the "Transaction"). Maginito is 75.5% owned by Mkango, which is completing a Feasibility Study for the Songwe Hill rare earths project ("Songwe") in Malawi, and 24.5% owned by Talaxis Limited ("Talaxis"), the technology metals investment and development company and a wholly-owned subsidiary of Noble Group Holdings Limited. Consistent with Maginito's strategy, the rationale for the Transaction includes potential synergies, such as blending of primary production originating from Songwe 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 neodymium iron boron ("NdFeB") alloy powders from magnets embedded in scrap and redundant equipment named HPMS (Hydrogen Processing of Magnet Scrap, the "Technology"). This was originally developed within the Magnetic Materials Group ("MMG") at the University of Birmingham ("UoB").
- Subject to completion of definitive agreements and due diligence, Maginito will invest £300,000 for an initial 25% interest in HyProMag and provide a £200,000 convertible loan facility, both of which will be fully funded from Maginito's existing cash resources. Maginito will have an option to increase its interest in HyProMag to up to 49%, and the first right to supply any primary rare earth raw materials for blending with recycled materials, if required, and to market the magnetic end products.
- 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.
- Maginito's initial investment of £300,000 will fully satisfy HyProMag's matched funding requirements for the three year, £2.6 million Innovate UK grant funded project, "Rare-Earth Recycling for E-Machines" ("RaRE"), which aims to establish a pilot rare earth magnet recycling facility at Tyseley Energy Park, Birmingham ("Tyseley"), and includes Advanced Electrical Machines Research Limited and UoB as collaborators.

Further details will be provided on the Transaction and on HyProMag following completion of due diligence and the execution of definitive agreements. In consideration for exclusivity, Maginito has paid £20,000 to HyProMag.

William Dawes, Chief Executive of Mkango stated: *“We are very pleased to be working with the leading team and University in the field of magnetic materials. We believe that rare earth magnet recycling and primary production will play complementary roles in the development of a sustainable electric vehicle supply chain and we see clear synergies with the development of Mkango’s advanced stage Songwe Hill rare earths project in Malawi.”*

Prof. Allan Walton, Director of HyProMag stated: *“In recent years the rare earth materials which are used in permanent magnets have come under considerable supply constraints. At the same time there is very little recycling of these materials partly due to the technological challenges for efficiently separating magnets from end of life products. This investment in HyProMag will exploit HPMS in order to provide a secure supply of rare earth alloys with a very low environmental footprint. The strategic alliance with Mkango has future potential for supplementing and enhancing products with additional independent supply chains.”*

Daniel Mamadou, Executive Director of Talaxis stated: *“We are excited to be partnering with HyProMag and Mkango on this ground-breaking project that has the potential to revolutionise rare earths magnet recycling for the electric vehicle market. The investment is an excellent strategic fit with Talaxis’ technology metals portfolio, strengthening our position in the rare earths supply chain and underlining our commitment to decarbonisation and sustainability.”*

HyProMag

The Magnetic Materials Group within the School of Metallurgy at the University of Birmingham has been active in the field of rare earth alloys and processing of permanent magnets using hydrogen for over forty years. Originated by Professor Rex Harris, the hydrogen decrepitation method, which is used to reduce NdFeB alloys to a powder, is now ubiquitously employed in worldwide magnet processing. In a further development, the MMG patented a process for extracting and demagnetising NdFeB powders from magnets embedded in redundant equipment using hydrogen in a process called HPMS (Hydrogen Processing of Magnet Scrap). This patent and related Intellectual Property is at the core of HyProMag. The MMG continues to develop new research and development opportunities, cooperates widely in Europe and is currently involved in two significant EU projects (SusMagPro and Neohire). The directors of HyProMag all provide their expertise to the MMG and there is potential for HyProMag to gain possible future access to new IP.

HyProMag’s strategy is to establish a recycling facility for NdFeB magnets at Tyseley in Birmingham to provide a sustainable solution for the supply of NdFeB magnets and alloy powders for a wide range of markets including, for example, automotive and electronics. A number of product options are being evaluated including hydrogen decrepitated (HD) demagnetised powders suitable for magnet producers, alloy ingot remelted from HD powders suitable for alloy feed or magnet production, anisotropic alloy powders (HDDR) for bonded magnets and sintered NdFeB magnets as required by the RaRE project for automotive applications.

The facilities will initially be based under the umbrella of MMG process development with phased transfer into Tyseley over two years and first sales from Tyseley projected in year three.

About Mkango Resources Limited

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

The main exploration target in the 51% held Phalombe licence is the Songwe Hill rare earths deposit. This features carbonatite-hosted rare earth mineralisation and was subject to previous exploration in the late

1980s. Mkango completed an updated Pre-Feasibility Study for the project in November 2015 and a Feasibility Study is currently underway, the initial phases of which included a 10,900 metre drilling programme and an updated mineral resource estimate, announced in February 2019. In March 2019, the Company announced receipt of a £7 million (C\$12.3 million) investment from Talaxis to fund completion of the Feasibility Study. Following completion of the Feasibility Study, Talaxis has an option to acquire a further 26% interest in Songwe by arranging financing for project development including funding the equity component thereof.

The main exploration targets in Mkango's remaining three 100% held licences are, in the Thambani licence, uranium, niobium, tantalum and zircon, in the Chimimbe Hill licence, nickel and cobalt, and in the Mchinji licence, nickel, cobalt, base metals and graphite.

Mkango also holds a 75.5% interest in Maginito with the balance owned by Talaxis. Maginito is focused on downstream opportunities relating to the rare earths supply chain, in particular neodymium alloy powders, magnet and other technologies geared to accelerating growth in the electric vehicle market.

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

About Talaxis

Founded in 2016, Talaxis is a wholly-owned subsidiary of Noble Group Holdings Limited and invests in and develops projects that are related to technology metals, with a special focus on rare earth elements. Talaxis focuses on battery and electric vehicle materials such as nickel, lithium, graphite and vanadium. Talaxis has supply chains partners in the upstream and midstream segments, and also focuses on research and development solutions for industrial consumers in the downstream segment. Talaxis prioritises sustainable ventures with a strong emphasis on corporate social responsibility. These include projects that contribute to the decarbonisation of the economy and that are aligned with the United Nations Sustainable Development Goals.

For more information, please visit www.talaxis.com.

Market Abuse Regulation (MAR) Disclosure

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

Cautionary Note Regarding Forward-Looking Statements

This news release contains forward-looking statements (within the meaning of that term under applicable securities laws) with respect to Mkango, its business and the Project. Generally, forward looking statements can be identified by the use of words such as "plans", "expects" or "is expected", "scheduled", "estimates" "intends", "anticipates", "believes", or variations of such words and phrases, or statements that certain actions, events or results "can", "may", "could", "would", "should", "might" or "will", occur or be achieved, or the negative connotations thereof. Forward looking statements in this news release include statements with respect to the global market for products using the rare earth metals the Company is exploring for, completion of the feasibility study and of the Transaction contemplated in the agreement with HyProMag, as well as plans for Tyseley and first commercial sales from Tyseley. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-

looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Such factors and risks include, without limiting the foregoing, market demand for the metals and associated downstream products for which Mkango is exploring, researching and developing, the positive results of a feasibility study on the Project, delays in obtaining financing or governmental or stock exchange approvals. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additionally, the Company undertakes no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above.

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