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MKANGO RENEWS SONGWE LICENCE AND PROVIDES CORPORATE UPDATE

Calgary, Alberta: January 12, 2015 – Mkango Resources Ltd. (TSXV-MKA) (the "Corporation" or "Mkango"), is pleased to announce that the Government of Malawi has granted a further two year renewal for Exclusive Exploration Licence ("EPL") 0284/10R ("the Phalombe Licence"), in southeast Malawi. Mkango's flagship project, the Songwe Hill rare earth project is located in the Phalombe Licence.

Pre-feasibility study

Since commencement of trading on January 5th, 2011, Mkango has undertaken an extensive work program in relation to the Songwe Hill project, culminating in the completion of the pre-feasibility study ("PFS") announced in September 2014.

- **US\$293 million after-tax net present value (NPV), using a 10% nominal discount rate, and 36% after-tax internal rate of return (IRR)**
- **Initial capital expenditure of US\$217m, including a contingency of US\$20m, is among the lowest in the rare earth sector**

The press release in relation to the PFS is available to be downloaded from Mkango's website (http://www.mkango.ca/i/pdf/nr/2014-09-23_NR.pdf).

Current activities

Following completion of the pre-feasibility study, the Company has prioritized the following work streams:

- **Completion of the Environmental, Social and Health Impact Assessment ("ESHIA") which will form part of the feasibility study.** In November 2014, Digby Wells Environmental completed the first round of formal stakeholder meetings in Malawi, which are a critical component of the ESHIA. In parallel, Mkango is continuing with various pre-existing and new social responsibility programs, as detailed overleaf.
- **Metallurgical flow sheet optimization is underway with initial focus on the flotation step.** Mkango has identified a number of areas within the flow sheet where there is potential to increase recoveries and reduce operating costs, and this will be a major focus in advance of pilot testing.
- **Planning for the next phase of drilling has commenced, with a view to upgrading the in-pit Inferred Mineral Resource Estimate, which is currently treated as waste in the mine plan, and expanding high grade zones.** This could potentially reduce operating costs and add significant value to the project.
- **Further evaluation of mineralization at the Thambani project is underway.** Mkango has identified zones of outcropping uranium mineralization associated with niobium and tantalum.

Social Responsibility Programs

In December 2014, Mkango, working in conjunction with NASFAM (National Smallholder Farmers Association of Malawi www.nasfam.org) distributed 4,000 kg of pigeon pea seed to 1,000 families within 14 villages surrounding the Songwe Hill project as part of its annual Seed Distribution / Bank Initiative, which is now in its fourth year of operation. This program supports and empowers the local farming communities.

Two water boreholes and pumps were fully restored and donated to the Wahiya and Nowa Villages, and other existing borehole pumps within the surrounding villages were serviced and repaired. Local road and bridge maintenance also continued, which, as well as improving local infrastructure, provides an alternative source of employment and income to the local communities.

Mkango has recently formed a partnership with boNGO Worldwide (www.bongoworldwide.org). boNGO is a non-profit, non-government organization in Malawi, established with the aim of raising the standards of education in the country. boNGO is assisting Mkango to improve the local primary school education surrounding the Songwe project. The first stage of this is to improve the learning environments in the 3 local primary schools through syllabus-related paintings on classroom walls (project “Happy Classrooms”). boNGO have recently completed the painting of the first 6 classrooms, which is Phase 1 of 23 classrooms. The remaining classrooms will be painted over the course of the next 12 months.

Licence Renewal

The Phalombe Licence has been renewed for a further period of two years, effective January 19th, 2015 and grants the exclusive rights to carry on prospecting operations for rare earth elements including yttrium in addition to strontium, niobium, iron ore, manganese, gold, silver, copper, bauxite, fluorite, phosphate, uranium, thorium, monazite, nepheline syenite, zircon, tantalum, clay, kaolinite, and associated minerals, over an area of 849.1 km². The expenditure commitment for the Phalombe EPL is 150,000,000 Malawian Kwacha (US\$ 324,675.00 based on MK462 exchange rate) over two years.

The Songwe Hill Rare Earth Project

The Songwe Hill Rare Earth Project is located within the 100% owned Exclusive Exploration Licence 0284/10R in southeast Malawi. The Project is accessible by road from Zomba, the former capital, and Blantyre, the principal commercial town of Malawi. Total travel time from Blantyre is approximately 2 hours, which will reduce as infrastructure continues to be upgraded in the area.

About Mkango Resources Ltd.

Mkango's primary business is the exploration for rare earth elements and associated minerals in the Republic of Malawi, a country whose hospitable people have earned it a reputation as “the warm heart of Africa”. Mkango holds, through its wholly owned subsidiary Lancaster Exploration Limited, a 100% interest in two exclusive prospecting licenses covering a combined area of 1,317.1 km² in southern Malawi. The main exploration target is the Songwe Hill rare earth deposit, which features carbonatite hosted rare earth mineralisation and was subject to previous exploration in the late 1980s.

In parallel, the Corporation is also undertaking regional exploration in the second license area, known as Thambani, where a number of areas with potential for uranium, niobium, tantalum, zircon and corundum have been identified.

The Corporation's corporate strategy is to further develop the Songwe Hill rare earth deposit and secure additional rare earth element and other mineral opportunities in Malawi and elsewhere in Africa.

Cautionary Note Regarding Forward-Looking Statements

This news release may contain forward-looking statements relating to the Corporation. 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, among others, the

interpretation and actual results of current exploration activities; uncertainty of estimates of Mineral Resources and Mineral Reserves, changes in project parameters as plans continue to be refined; future commodity prices; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration.

The forward-looking statements contained in this press release are made as of the date of this press release. Except as required by law, the Corporation disclaims any intention and assume 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 securities law. Additionally, the Corporation 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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