



Mkango Resources

Uniquely positioned for the rare earths renaissance

Website: www.mkango.ca/s/home.asp

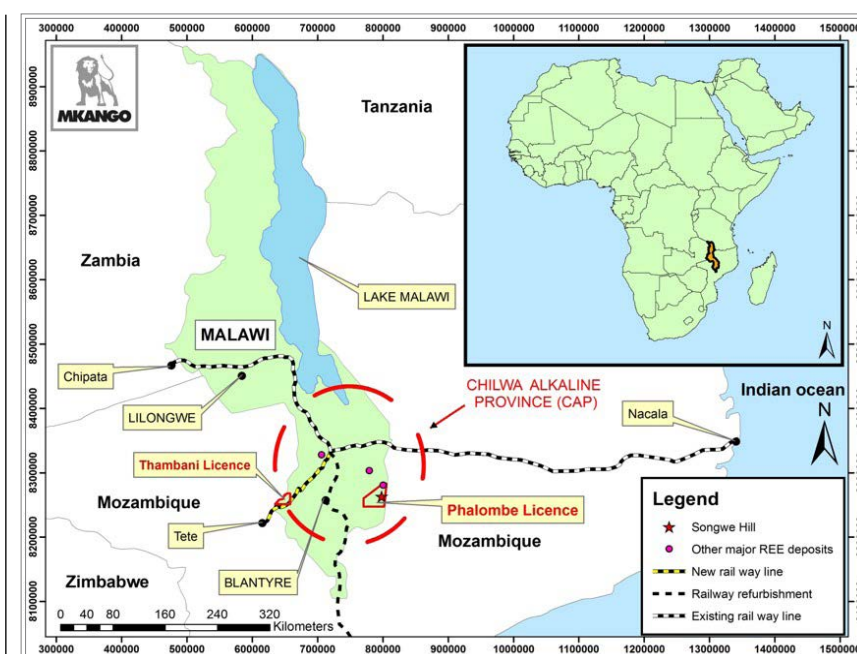


Mkango Resources (MKA:AIM / TSXV) is focused on the development of the Songwe Hill Rare Earths project in Malawi, one of the very few advanced stage rare earths projects outside China, and well positioned to become a leading new sustainable source of neodymium and praseodymium (NdPr), critical raw materials to fuel accelerating growth in cleantech markets, such as electric vehicles.

FULLY FUNDED BANKABLE FEASIBILITY STUDY UNDERWAY

A bankable feasibility study (BFS) for Songwe is underway, targeted for completion in 2020 and fully financed by strategic partner Talaxis Limited, a subsidiary of Noble Group, which has an extensive market network throughout Asia and beyond.

INTRODUCING MKANGO RESOURCES A PROSPECTIVE RARE EARTHS MINER WITH A PROJECT IN MALAWI



Talaxis has invested £12m in the project to date for a 49% interest. A pre-feasibility study (PFS) for Songwe was completed in 2015, resulting in an NPV of US\$345m and an IRR of 37%, with capital expenditure of US\$216m including an integrated processing facility in Malawi.

Following completion of the bankable feasibility study, Talaxis has an option to finance project development, which would leave Mkango with a 25% carried interest in the project, funded all the way through to production

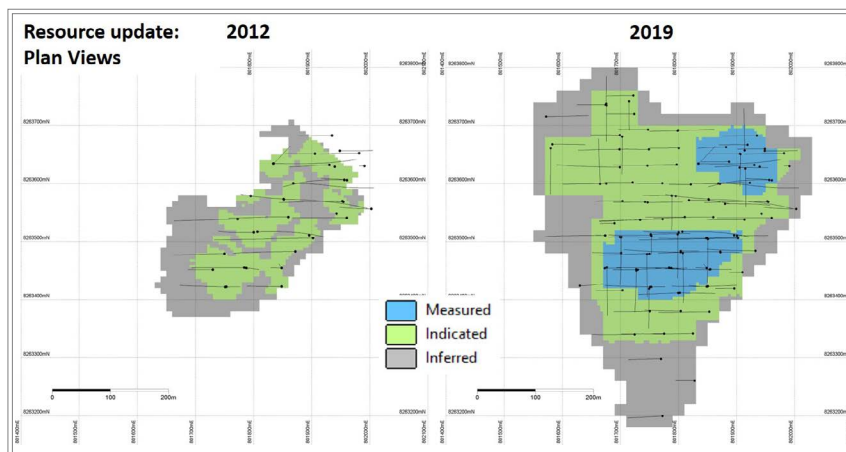
by Talaxis.

This stepwise financing arrangement significantly de-risks the project from a financing perspective and minimises dilution at the public company level. Mkango had a consolidated cash position of US\$11m as at March 31, 2019 with subsequent warrant exercises bringing in an additional £1.2m cash.

RARE EARTHS RENAISSANCE GATHERING MOMENTUM

Rare earths are used in everything from computer hard disk drives to wind

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turbines and electric vehicles, but it is the latter where an industry transforming level of growth is anticipated. This is expected to lead to a doubling of NdPr demand in coming years.

China has dominated production of rare earths in recent years, but now end users both within and outside China recognise that new sources of supply are required to feed the exponential growth in electric vehicle demand and that a more diversified supply base is required to support development of a healthy market.

On the supply side, there are only a handful of advanced stage projects outside China, and the US-China trade war has highlighted the paucity of alternative sources of supply, with China effectively threatening to withhold rare earths supply to the United States. This has refocused market attention on rare earths versus recent market favourites, cobalt and lithium, the latter ultimately having the same demand growth drivers.

WHAT DIFFERENTIATES MKANGO?

As the only focused rare earth company listed on AIM in London, together with a dual-listing on the Toronto

Venture Exchange, Mkango differentiates itself with a well-defined and large scale NI 43-101 compliant Measured and Indicated resource at Songwe. This was increased by 60% to 21m tonnes following a 10,900 metre drilling programme in 2018, with broad zones of open pitted mineralisation, underpinning a long mine life with low cost bulk mining operations.

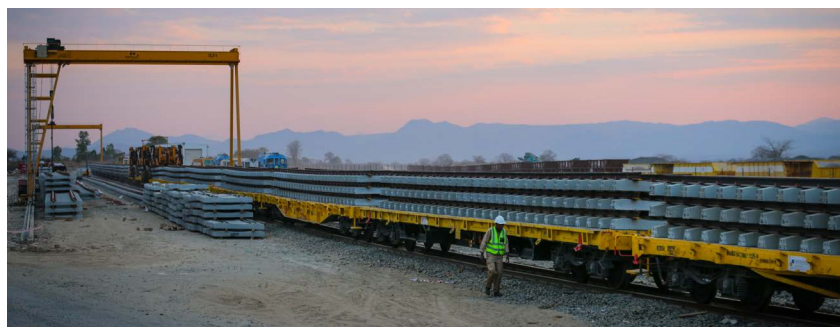
Coupled with the major rail, road and power developments in Malawi and a strong financing partner, Talaxis, this supports the development of large scale, processing and purification plant in Malawi to produce a purified mixed rare earths product, in contrast to producers of an impure mineral concentrate, the latter attracting a large discount and limiting marketing and downstream processing options.

Mkango's strategy will enable access to markets

not only in China, Japan and elsewhere in Asia, but also Europe and North America. As part of the feasibility study, Mkango is also evaluating options to produce separated neodymium and praseodymium, which will further add value and increase marketing flexibility.

'Having financed and advanced the project through the very significant rare earth downturn which followed the 2010 speculative boom, and then into the beginnings of the ongoing rare earths renaissance, we believe this is a more sustainable overall strategy, maximising opportunities to create long term strategic and economic value and to access the capital required to develop a long life, large scale and sustainable low cost operation,' says Will Dawes, Mkango chief executive.

Mkango also differentiates itself with the 2018 establishment of subsidiary, Maginito Limited, which is also financed by Talaxis and 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. Maginito is looking to grow its portfolio of technologies and is evaluating a number of opportunities.





MALAWI - THE 'WARM HEART OF AFRICA'

Malawi is known as the 'Warm Heart of Africa' – English speaking and a former British Protectorate, it is a rare earths mineral province that was the first country in Africa where carbonatites, the host rock for most major rare earth deposits, were identified.

Songwe, in addition to other rare earth deposits in Malawi, was drilled by the Japanese Government groups, JICA and MMAJ, in the late 1980s. What has changed since are the very significant infrastructure developments, which are key for a value-added development strategy, such as Mkango's.

'Over the last 10 years that we have been working in Malawi, we have seen huge progress, including a new and refurbished railway linking to a deep-water port at Nacala and a much expanded paved road network. Southern Malawi is a rare earths mineral province and this infrastructure will unlock the mineral development potential.'

'A number of our founding shareholders and many of our new investors have actually been to Malawi, both for business and on holiday – anyone who's been to the country comes away with a very positive impression. It's a fantastic place to work

with some major investment opportunities, but remains under the radar for many investors,' says Alexander Lemon, Mkango president

A LEADER IN SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY IN MALAWI

Mkango leads the way in Malawi in terms of Corporate Social Responsibility (CSR) and is held up as an example of best practice in the Malawi mining sector by both Government and NGOs. CSR is integral to the vision of Mkango and will continue to be a major focus for the company.

CSR programmes have included the running of training programmes, educational and sporting equipment donations, syllabus painting on classrooms, in collaboration with local NGO Bongo Worldwide, an extensive scholarship programme, construction and refurbishment of water boreholes, bridges and roads, wheelchair donation, and construction of two kitchens and four dining rooms at local Primary Schools in partnership with Zero Hunger with Langar, a Birmingham based charity, which is currently providing one meal a day for approximately 2,500 children.

BOARD AND MANAGEMENT

Mkango is led and was co-founded by William Dawes, Chief Executive and Alexander Lemon, president, both graduates of the Royal School of Mines, Imperial College, with longstanding industry experience.

'We have been leading the project since inception and that makes a very big difference in terms of continuity of relationships in Malawi and elsewhere, rare earth industry knowledge and our network. It is a close knit, technically led team, supported by a tier 1 team of rare earths specialists and a highly experienced board,' says Will Dawes, Chief Executive.

In a 2018 Board restructuring, Mkango brought in three new experienced board members: Susan Muir, formerly VP investor communications at Barrick Gold; Sandra du Toit, currently executive vice president with Standard Bank; and Shaun Treacy, a senior advisor with previous positions in JPMorgan, Lehman Brothers, Nomura and UBS.

Other board members include chairman, Derek Linfield, previously Managing Partner at Stikeman Elliott, and Adrian Reynolds, former Randgold executive.

'We have the right project, team and strategic partner to develop a major new sustainable source of rare earths in Malawi, spearheading development of Africa's foremost rare earths mineral province,' says Will Dawes, Chief Executive.

