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MAGINITO SECURES EXCLUSIVE AGREEMENT WITH INSERMA TO COMMERCIALISE AUTOMATED PRE-PROCESSING OF HARD DISC DRIVES, LOUDSPEAKERS AND ELECTRIC MOTORS FOR HYPROMAG

- Maginito Ltd (“Maginito”) (Mkango 79.4%, CoTec 20.6%) and Inserma Anoaia S.L (“Inserma”) have entered into a binding and exclusive agreement (the “Agreement”) to collaborate on the optimisation, commercialisation and roll-out of pre-processing technologies for HyProMag in the United Kingdom, Germany, the United States and other regions.
- The latest mobile Inserma unit for hard disc drives (“HDD”) can be co-located at hyperscale data centres, shredding, recycling or HyProMag facilities. These Inserma units rapidly remove (at <3 seconds per HDD) the Voice call Motor (“VCM”) containing the rare earth magnet, providing a highly concentrated feed for subsequent Hydrogen Processing of Magnet Scrap (“HPMS”) by HyProMag – the simultaneous removal of the centre spindle also facilitates downstream shredding of the rest of the HDD
- The technology not only provides a steady neodymium (“NdFeB”) magnet scrap feed to HyProMag, but also has major benefits for sustainable, secure and low cost recycling of HDDs
- The ultimate goal of the collaboration is to enable deployment of hundreds of pre-processing units, across multiple jurisdictions, providing pre-processing solutions for a range of end-of-life applications, including HDDs, loudspeakers and electric motors, and generating feed for HyProMag Limited’s (“HyProMag”) short loop rare earth magnet recycling process
- The Agreement includes the purchase of an initial three units for pre-processing HDDs by HyProMag and related institutions for the UK, Germany and the United States to catalyse the roll-out of the technology
- Mkango, CoTec and HyProMag are engaging with major hyperscale data centre providers, shredders, recycling companies and other groups which are showing strong interest in deploying the technology in parallel with HPMS

London / Vancouver: September 3, 2024 – Mkango Resources Ltd. (AIM/TSX-V: MKA) (“Mkango”) and CoTec Holdings Corp. (TSXV: CTH; OTCQB: CTHCF) (“CoTec”) are pleased to announce that Maginito), which is 79.4% owned by Mkango and 20.6% owned by CoTec, and Inserma have entered into a binding and exclusive collaboration agreement. This collaboration will initially be focused on the pre-processing of HDDs, providing a rapid, automated and scalable solution for the removal of the magnet containing VCM from the HDD which can then be fed directly into HyProMag’s HPMS vessel for magnet recovery. Inserma pre-processing technologies in combination with HPMS, are scalable, do not require heat treatment or dismantling for magnet recovery, whilst facilitating and lowering the cost and carbon footprint of subsequent shredding of the rest of the HDD assembly.

William Dawes, Chief Executive of Mkango commented: *“We are very excited to be working with Inserma on the commercialisation of its groundbreaking suite of technologies, which are highly complementary to HyProMag’s HPMS technology. We aim to provide a win-win circular solution to customers for recovery of rare earth magnets from a range of applications, lowering the carbon footprint, cost and generating additional benefits from hitherto unrealised value streams.”*

Paco Ortiz, Director of Inserma commented: *“We have a longstanding working relationship with HyProMag, University of Birmingham and University of Pforzheim, together with other key partners such as RISE, so we are very pleased to extend our ongoing R&D partnerships into a commercially focused collaboration. This provides a fantastic platform for Inserma to expand its reach internationally, leveraging off the network of relationships which HyProMag, Mkango and CoTec bring to the table, whilst capitalising on the many synergies between our businesses.”*

Julian Treger, Chief Executive of CoTec commented: *“Inserma has developed a key-pre-processing technology which enables HyProMag USA to secure its feed supply from rapidly expanding hyperscale data centres. As the US Bankable Feasibility Study progresses we are looking to provide a total, scalable solution to large technology and automotive companies which allows for closed loop and secure recycling within the United States at the lowest cost and lowest carbon footprint compared to traditional mining processes and alternative recycling technologies.”*

Inserma has extensive experience in metal and magnetic detection, robotics systems, and in designing and building automated sorting systems. Inserma technologies include a range of automated pre-processing systems for rare earth magnet containing scrap streams complementary to HyProMag’s HPMS technology.

First-generation Inserma pre-processing units for HDDs, loudspeakers and electric motors have been successfully demonstrated in the EU funded SUSMAGPRO (www.susmagpro.eu) and REESILIENCE (www.reesilience.eu) projects, the latter in partnership with HyProMag, University of Birmingham, University of Pforzheim, Mkango Polska, RISE and other partners, and led by Prof. Carlo Burkhardt, founding Director of HyProMag GmbH.

An upgraded, next-generation, fully automated unit for commercial pre-processing of HDDs was recently successfully trialled with thousands of HDD’s at HyProMag GmbH’s site in Germany, providing feed for processing in the HPMS pilot plant located at the University of Birmingham.

The Inserma pre-processing technology in combination with HyProMag’s HPMS technology has major benefits for sustainable, secure and low cost recycling of HDDs:

- Expected VCM removal in less than 3 seconds per HDD;
- Secure data destruction of the remainder of the HDD can remain on site;
- Removal of the rare earth magnet reduces costs and carbon footprint of subsequent shredding;
- Simultaneous removal of centre spindle further facilitates subsequent shredding, and reduces blade breakage, costs and carbon footprint;
- No heat treatment or dismantling required for magnet recovery;
- Facilitates HyProMag’s short loop magnet manufacturing process with minimal carbon footprint; and
- Complementary technology for automated Printed Circuit Board Assembly (PCBA) removal under development.

The Agreement

As part of the Agreement, Maginito will assist Inserma with marketing Inserma products and technologies internationally by introducing Inserma to potential customers with whom Maginito is engaging for scrap feed supply, including major hyperscale data centre providers, shredding companies and other potential customers. Furthermore, Maginito will assist with arranging funding, where required, for R&D prototypes, demonstration and commercial plants for deployment internationally, including the initial purchase within the next 12 months by HyProMag, HyProMag GmbH and HyProMag USA LLC (“HyProMag USA”) of three HDD pre-processing units

(“Inserma Processing Units”) for Germany (delivered), the UK and the United States at a cost of approximately 40 thousand Euros per unit.

Inserma will work exclusively with Maginito in the field of rare earths, and Maginito will work exclusively with Inserma in the field of pre-processing solutions for HDDs, loudspeakers and certain aspects of magnet recovery from electric motors, subject to Inserma’s continued ongoing support during commissioning, operation and product development of respective pre-processing units, and to achieving certain technical milestones validated by continuous commercial tests at facilities of HyProMag, HyProMag GmbH and HyProMag USA.

Maginito will receive an automatic sub-licence for Inserma intellectual property developed to date in relation to rare earth magnet recovery at zero cost for the period of the Agreement, being two years, automatically extended thereafter for six month periods.

Both Maginito and Inserma will work together to implement the business model for commercialisation, scale-up and international roll-out of the Inserma technologies in parallel with HyProMag technologies, including:

- Joint marketing of pre-processing units for magnet recovery globally;
- Inserma builds, installs, sells or leases the unit to Maginito/HyProMag or to a third party customer;
- Inserma provides technical support to commission and maintain the unit; and
- Maginito has the exclusive offtake rights for pre-processed scrap from the customer.

HyProMag and HPMS Technology

Rare earth magnets play a key role in clean energy technologies including electric vehicles and wind turbine generators, and they are also a key component in electronic devices including mobile phones, hard disc drives and loudspeakers. The development of domestic sources of recycled rare earths via HPMS is a significant opportunity to fast-track the development of sustainable and competitive rare earth magnet production.

HyProMag is commercialising HPMS recycling technology in the UK, Germany and the United States. HyProMag is also evaluating other jurisdictions, and recently launched a collaboration with Envipro on rare earth magnet recycling in Japan. HPMS technology was developed at the University of Birmingham, underpinned by approximately US\$100 million of research and development funding, and has major competitive advantages versus other rare earth magnet recycling technologies, which are largely focused on chemical processes but do not solve the challenges of liberating magnets from end-of-life scrap streams – HPMS provides this solution.

HyProMag’s HPMS recycling technology was selected by the Minerals Security Partnership (“MSP”) for support as one of its key projects. The technology was selected because the MSP determined its strong potential to contribute towards the development of responsible critical mineral supply chains.

About Mkango Resources Ltd.

Mkango is listed on the AIM and the TSX-V. Mkango’s corporate strategy is to become a market leader in the production of recycled rare earth magnets, alloys and oxides, through its interest in Maginito, which is owned 79.4 per cent by Mkango and 20.6 per cent by CoTec, and to develop new sustainable sources of neodymium, praseodymium, dysprosium and terbium to supply accelerating demand from electric vehicles, wind turbines and other clean energy technologies.

Maginito holds a 100 per cent interest in HyProMag and a 90 per cent direct and indirect interest (assuming conversion of Maginito’s convertible loan) in HyProMag GmbH, focused on short loop rare earth magnet recycling in the UK and Germany, respectively, and a 100 per cent interest in Mkango Rare Earths UK Ltd (“Mkango UK”), focused on long loop rare earth magnet recycling in the UK via a chemical route.

Maginito and CoTec are also rolling out HyProMag’s recycling technology into the United States via the 50/50 owned HyProMag USA LLC joint venture company. HyProMag is also evaluating other jurisdictions, and recently launched a collaboration with Envipro on rare earth magnet recycling in Japan.

Mkango also owns the advanced stage Songwe Hill rare earths project and an extensive rare earths, uranium, tantalum, niobium, rutile, nickel and cobalt exploration portfolio in Malawi, and the Pulawy rare earths separation project in Poland.

For more information, please visit www.mkango.ca

About CoTec Holdings Corp.

CoTec is a publicly traded investment issuer listed on the Toronto Venture Stock Exchange (“TSX- V”) and the OTCQB and trades under the symbol CTH and CTHCF respectively. CoTec is an environment, social, and governance (“ESG”)-focused company investing in innovative technologies which have the potential to fundamentally change the way metals and minerals can be extracted and processed for the purpose of applying those technologies to undervalued operating assets and recycling opportunities, as it transitions into a mid-tier mineral resource producer.

CoTec is committed to supporting the transition to a lower carbon future for the extraction industry, a sector on the cusp of a green revolution as it embraces technology and innovation. It has made four investments to date and is actively pursuing operating opportunities where current technology investments could be deployed.

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

Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ('MAR') which has been incorporated into UK law by the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

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 and CoTec. Generally, forward looking statements can be identified by the use of words such as “plans”, “expects” or “is expected to”, “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. 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, the successful conclusion of the MDA, the availability of (or delays in obtaining) financing to develop Songwe Hill, the Recycling Plants being developed by Maginito in the UK, Germany and the US (the “Maginito Recycling Plants”), the results of the Feasibility Study and the Pulawy Separation Plant, governmental action and other market effects on global demand and pricing for the metals and associated downstream products for which Mkango is exploring, researching and developing, geological, technical and regulatory matters relating to the development of Songwe Hill, the ability to scale the HPMS and chemical recycling technologies to commercial scale, commercial viability of Inserma Processing Units, competitors having greater financial capability and effective competing technologies in the recycling and separation business of Maginito and Mkango, availability of scrap supplies for Maginito’s recycling activities, government regulation (including the impact of environmental and other regulations) on and the economics in relation to recycling and the development of the Maginito Recycling Plants, and the Pulawy Separation Plant and future investments in the United States pursuant to the proposed cooperation agreement between Maginito and CoTec, the outcome and timing of the completion of the feasibility studies, cost overruns, complexities in building and operating the plants, and the positive results of feasibility studies on the various proposed aspects of Mkango’s, Maginito’s and CoTec’s activities. 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 and CoTec disclaim 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 law. Additionally, the Company and CoTec undertake 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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