



MKANGO RESOURCES LTD.
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MKANGO RECEIVES £6 MILLION (C\$10.5 MILLION) INVESTMENT FROM TALAXIS AND COMMENCES FEASIBILITY STUDY FOR THE SONGWE HILL RARE EARTHS PROJECT IN MALAWI

London / Calgary: January 24, 2018 - Mkango Resources Ltd. (AIM/TSX-V: MKA) (the "**Company**" or "**Mkango**") is pleased to announce that following receipt of both shareholder and final TSX Venture Exchange approval, investments totalling £6 million (C\$10.5 million) have been received by Mkango subsidiaries in accordance with the previously announced agreement ("Agreement") with Talaxis Limited ("Talaxis"):

- Talaxis has invested £5 million (C\$8.8 million) into Mkango subsidiary, Lancaster Exploration Limited ("Lancaster"), in return for a 20% interest in Lancaster. Lancaster holds the licence for the advanced stage Songwe Hill rare earths project ("Songwe") in Malawi.
- The investment into Lancaster will fund the initial phase of the Feasibility Study for Songwe, including an extensive drilling programme starting in the second quarter of 2018, in parallel with ongoing processing flow sheet optimisation and work in relation to the Environmental, Social and Health Impact Assessment.
- Talaxis has also invested £1 million (C\$1.8million) into a new Mkango subsidiary, Maginito Limited ("Maginito"), in return for a 24.5% interest in Maginito.
- Maginito is focused on neodymium alloy powders, magnet and other technologies relating to electric vehicles and other cleantech applications. This includes the collaboration with Metalysis Ltd announced in September 2017, which is focused on advanced alloys using neodymium or praseodymium with other elements for permanent magnet manufacturing.

A further £8 million (C\$14 million) will be invested by Talaxis into Lancaster and Maginito subject to completion of definitive documentation and the following milestones:

- On Mkango publishing an updated resource (compliant with NI 43-101 - *Standards of Disclosure for Mineral Projects*), Talaxis will invest £7 million (C\$12.3 million) into Lancaster for a further 29% interest, increasing its total interest in Lancaster to 49%. This will fund further expenditure in relation to completion of the feasibility study.
- On successful completion of the Phase II R&D programme with Metalysis, Talaxis will invest £1 million (C\$1.8 million) into Maginito for a further 24.5% interest, increasing its total interest in Maginito to 49%.

Upon completion of the feasibility study for Songwe, and subject to completion of the definitive documentation, Talaxis will have the option to acquire a further 26% interest in Lancaster, increasing its aggregate interest to 75%, by arranging funding for 100% of remaining project development costs, including funding the equity component thereof. If Talaxis exercises its option, Mkango will retain a 25% interest, free carried to production.

William Dawes, Chief Executive Officer of Mkango, said: "Following receipt of the investment from Talaxis, Mkango is uniquely positioned. We are one of very few companies with an advanced stage rare earths project fully funded to completion of a Feasibility Study with a clearly defined development pathway to production."

This is complemented by downstream growth opportunities focused on the electric vehicle technology space. We look forward to working with Talaxis as well as the Government and people of Malawi as we move the project through the development phase to become a leading sustainable producer of rare earths.”

Talaxis is the holder of 13.6% of the issued and outstanding common shares of Mkango. As such, pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*, the transaction was subject disinterested shareholder approval (after excluding any votes attached to common shares held by Talaxis), which it obtained at the shareholder meeting held on January 18, 2018.

In addition to its 13.6% shareholding, Talaxis holds 12 million warrants of Mkango which, upon exercise, could result in Talaxis holding 22.5% of the then-issued and outstanding shares of Mkango. Talaxis has agreed with Mkango that it will not exercise any warrants which would increase the holding of Talaxis in Mkango to 20% or more.

Market Abuse Regulation (MAR) Disclosure

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

About Mkango Resources Limited

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”. The Company holds interests in three exclusive prospecting licenses in Malawi, the Phalombe licence, the Thambani licence and the Chimimbe Hill licence.

The main exploration target in the 80% held Phalombe licence is the Songwe Hill rare earths’ deposit, which 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 is currently commencing a Feasibility Study.

Under the terms of the Agreement with Talaxis, Talaxis will fully fund a feasibility study for Songwe by investing £12 million (C\$21 million) for a 49% interest in the project (via Lancaster). Talaxis will also have the option to acquire a further 26% interest by arranging funding for project development. If Talaxis exercises its option, Mkango will retain a 25% interest, free carried to production. To date, Talaxis has invested £5 million (C\$8.8 million), which is funding the initial phase of the Feasibility Study, for a 20% interest in the project with Mkango holding 80%.

By investing a further £2 million (C\$3.3 million), Talaxis will acquire a 49% interest in Maginito, a new subsidiary of Mkango focused on neodymium alloy powders, magnet and other technologies. This includes the collaboration with Metalysis Ltd announced in September 2017, which is focused on advanced alloys using neodymium or praseodymium with other elements for permanent magnet manufacturing. Permanent magnets are critical materials for most electric vehicles, direct drive wind turbines and many other high growth applications. Neodymium is a key rare earth component at Songwe. To date, Talaxis has invested £1 million (C\$1.8 million) for a 24.5% interest in Maginito with Mkango holding 75.5%.

The main exploration targets in Mkango’s remaining two 100% held licences are, in the Thambani licence, uranium, niobium, tantalum and zircon and, in the Chimimbe Hill licence, nickel and cobalt.

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

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 transactions contemplated in the Agreement, as well as the use of proceeds from the investments into the Company by Talaxis and the timing of such expenditures. 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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Mkango Resources Limited

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