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MKANGO INTERSECTS EXTENSIVE ZONES OF RARE EARTHS MINERALISATION AT THE SONGWE HILL PROJECT IN MALAWI

London / Calgary: August 21, 2018 - Mkango Resources Ltd. (AIM / TSXV: MKA) (the "Company" or "Mkango") is pleased to announce results for the first eight holes totaling 944 metres of its targeted 10,000 metre diamond drilling programme at the Songwe Hill Rare Earths Project ("Songwe") in Malawi. The drilling programme is a key component of the ongoing Feasibility Study for Songwe. Highlights from the new results are as follows:

PX062	147.2 m¹ grading 1.6% Total Rare Earth Oxides (TREO) (5.3 – 152.5 m end of hole (EoH)). Inclined hole (70 degrees east).
PX065	91.0 m² grading 1.5% TREO (0.0 – 91.0 m) including 27.0 m² grading 2.0% TREO (23.0 – 50.0 m). Inclined hole (60 degrees west).
PX047	51.8 m grading 1.6% TREO (16.2 – 68.0 m). Inclined hole (60 degrees west).
PX046	48.0 m grading 1.2% TREO (4.0 – 52.0 m). Inclined hole (60 degrees south).
PX045b	9.2 m grading 2.0% TREO (6.1 – 15.3 m) and 27.5 m grading 1.5% TREO (30.5 – 58.0 m EoH). Vertical hole.
PX042	19.1 m grading 1.0% TREO (18.0 – 37.1 m). Inclined hole (60 degrees west).
PX036	42.8 m grading 1.3% TREO (87.3 – 130.1 m EoH) including 6.7 m grading 2.2% TREO (123.4 – 130.1 m EoH). Inclined hole (60 degrees west).

¹ Includes a 2.0m cavity not sampled. ² Includes a 2.7m cavity not sampled. TREO: total rare earth oxides based on total La₂O₃, Ce₂O₃, Pr₂O₃, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₂O₃, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃, Y₂O₃. These intersections are reported as down hole widths and do not necessarily represent true thicknesses and attitude of the mineralised zones, the estimation of which will require further refining of the geological model.

William Dawes, Chief Executive Officer, commented: "These are an excellent first set of results from the current programme and we look forward to announcing results from the remaining approximately 75 drill holes as they become available. The drill programme and planned resource update are fully funded following investments by Talaxis Limited totalling £6 million in January 2018. Talaxis will invest a further £7 million to fund completion of the Feasibility Study for Songwe on Mkango publishing a NI 43-101 technical report in relation to the resource update."

- The drill programme is focused on infill drilling to confirm and upgrade the existing Indicated and Inferred Mineral Resource Estimates, testing extensions to the mineralisation and geotechnical drilling.
- All eight drill holes intersected rare earth mineralisation, with the table above highlighting intersections averaging 1% TREO or more.
- Drill holes PX065, PX062, PX046, PX047, PX042 and PX045b above were focused on infill drilling. Intersections of broad zones of mineralisation, as opposed to narrow veins or dykes, continue to support the concept of a bulk tonnage, open pit mining operation with low mining costs.

- Drill hole PX036 was focused on testing the southerly extension of mineralisation. The significance of the more than 42 m of mineralisation intersected by PX036 at depth (87.3 – 130.1 m), including 6.7 metres grading 2.2% TREO to the end of the hole (130.1m), is being evaluated. This was the first hole in the project's history to be drilled in the area near the summit of Songwe Hill. Another hole testing the southerly extension of mineralisation, PX037, did not reach the target depth.
- A total of 8,466 metres of drilling, comprising 70 drill holes, has now been completed as at August 20, 2018.

A schematic geological map illustrating the location of the drill hole collars and estimated drill hole traces is available on the Company's website (www.mkango.ca).

The breakdown of TREO values reported above are as follows:

Drill Hole	From m	To m	Interval m		La ₂ O ₃ ppm	Ce ₂ O ₃ ppm	Pr ₂ O ₃ ppm	Nd ₂ O ₃ ppm	Sm ₂ O ₃ ppm	Eu ₂ O ₃ ppm	Gd ₂ O ₃ ppm	Tb ₂ O ₃ ppm	Dy ₂ O ₃ ppm	Ho ₂ O ₃ ppm	Er ₂ O ₃ ppm	Tm ₂ O ₃ ppm	Yb ₂ O ₃ ppm	Lu ₂ O ₃ ppm	Y ₂ O ₃ ppm	TREO %		
PX062	5.3	152.5	147.2	(i)	4,226	7,157	736	2,524	364	96	225	27	113	18	43	5	30	4	512	1.6%		
				(i) Includes 2.0m cavity not sampled.																		
PX065	0.0	91.0	91.0	(i)	3,600	6,594	689	2,352	319	83	191	23	107	17	41	5	29	4	489	1.5%		
including	23.0	50.0	27.0	(i)	5,595	9,574	954	3,020	370	91	196	21	88	13	27	3	16	2	329	2.0%		
				(i) Includes 2.7m cavity not sampled.																		
PX047	16.2	68.0	51.8		3,606	7,149	800	2,877	415	115	280	36	179	29	70	9	47	6	807	1.6%		
PX046	4.0	52.0	48.0		2,486	5,129	577	2,104	317	92	227	30	146	25	60	8	47	6	703	1.2%		
PX045b	6.1	15.3	9.2		5,257	8,278	806	2,752	469	136	330	44	224	42	118	18	112	14	1,318	2.0%		
	30.5	58.0	27.5		3,876	6,232	617	2,075	337	98	240	30	144	25	61	8	46	6	737	1.5%		
PX042	18.0	37.1	19.1		2,490	4,263	440	1,496	235	70	174	23	112	18	41	5	31	4	486	1.0%		
PX036	87.3	130.1	42.8		2,821	5,648	636	2,279	295	67	141	15	77	15	41	6	35	5	483	1.3%		
including	123.4	130.1	6.7		5,540	10,403	1,078	3,582	391	83	162	15	65	11	29	4	28	4	357	2.2%		

Scientific and technical information contained in this release including sampling, analytical, and test data underlying the information has been approved and verified by Dr. Scott Swinden of Swinden Geoscience Consultants Ltd, who is a "Qualified Person" in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

Sample preparation and analytical work for the drilling and channel sampling programmes are being provided by Intertek-Genalysis Laboratories (Perth, Australia) employing ICP-MS techniques suitable for rare earth element (REE) analyses and following strict internal QAQC procedures inserting duplicates, blanks and standards. Internal Laboratory QAQC was also completed to include blanks, standards and duplicates.

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 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 a Feasibility Study is currently underway, the initial phases of which include a major drilling programme.

Under the terms of an agreement with Talaxis, Talaxis will fully fund the Feasibility Study for Songwe by investing £12 million for a 49% interest in the project (via Mkango subsidiary Lancaster Exploration Ltd). Talaxis will also have the option to acquire a further 26% interest by arranging funding for project development including funding the equity component thereof. If Talaxis exercises its option, Mkango will retain a 25% interest, free carried to production. To-date, Talaxis has invested £5 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, Talaxis will acquire a 49% interest in Maginito Ltd, a new subsidiary of Mkango focused on neodymium alloy powders, magnets 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 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.

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 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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