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MKANGO RESOURCES ANNOUNCES AMENDED PRIVATE PLACEMENT AND INCREASE IN OFFERING

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Calgary, Alberta: February 24, 2014 – Mkango Resources Ltd. (TSXV-MKA) (the “**Corporation**” or “**Mkango**”) is pleased to announce that it has entered into a non-binding term sheet with certain affiliates of Sprott Inc. (the “**Finders**”) to act as finders for the Corporation under its previously announced proposed non-brokered private placement (the “**Private Placement**”).

Under the revised terms of the Private Placement, the Corporation will issue up to 15,000,000 units (the “**Units**”) at a price of C\$0.10 per Unit for gross cash proceeds of up to C\$1,500,000.

Each Unit will consist of one common share of the Corporation (a “**Common Share**”) and one transferable common share purchase warrant (a “**Warrant**”) entitling the holder to purchase a further Common Share at a price of C\$0.20 for five years from the date of the closing of the Private Placement.

If, after four months from the closing date of the Private Placement, the closing price (or the average of the ‘bid’ and the ‘ask’, if not traded) of the Common Shares on the TSX Venture Exchange exceeds C\$0.30 for a period of 20 consecutive trading days, the Corporation may, within three trading days thereof, accelerate the expiry of the Warrants to 20 trading days after the issuance of a news release announcing the new expiry date.

It is anticipated that affiliates of Sprott Inc. will subscribe for a minimum of C\$750,000 of the Private Placement with the balance largely subscribed for by directors, insiders or existing shareholders of the Corporation.

It is also expected that the Corporation will pay commissions to the Finders consisting of either cash or Units, at the Finder's election, equal to 7% of the proceeds from the Units sold to investors introduced by, or whose subscriptions are attributable to the efforts of, the Finders, or 7% of the number of Units issued in connection with such investors' subscriptions under the Private Placement. The Corporation will also issue to the Finders non-transferable finder's warrants (“**Finder's Warrants**”) equal to 7% of the number of Units issued in connection with such investors' subscriptions under the Private Placement. Each Finder's Warrant will entitle the Finders to acquire one additional Common Share at a price of C\$0.10 for two years from the closing of the Private Placement. No finder's fee will be payable to the Finders on Units subscribed for by officers, directors, insiders or existing shareholders of the Corporation.

The use of proceeds from the Private Placement will be to finalise the pre-feasibility study for the Songwe project and to facilitate a smooth transition to the feasibility stage, in addition to general corporate purposes.

SNC-Lavalin (Pty) Ltd. has completed the first phase of the pre-feasibility study, focusing on the mill, flotation plant and associated infrastructure. Current focus is on further optimisation of the flow sheet in parallel with commencement of design work for the hydrometallurgical process plant.

The securities issued under the Private Placement will have a hold period of four months and one day from the applicable closing date. The Private Placement is subject to receipt of all necessary approvals, including the acceptance of the TSX Venture Exchange.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States of America. This announcement is not an offer of securities for sale into the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States.

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 Songwe 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.

On 22 November 2012, Mkango filed a Technical Report (the “**Report**”) for its maiden NI 43-101 mineral resource estimate entitled NI 43-101 Technical Report and Mineral Resource Estimate for the Songwe Hill Rare Earth Element (REE) Project, Phalombe District, Republic of Malawi authored by Scott Swinden, Ph.D, P.Geol. and Michael Hall, Pr.Sci.Nat., MAusIMM (who are independent “Qualified Persons” in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*). The Report’s mineral resource estimates, as previously announced, are summarized below.

Cut-off grade	<i>In-situ</i> Indicated Mineral Resource estimate	<i>In-situ</i> Inferred Mineral Resource estimate
1.0% TREO	13.2 mt grading 1.62% TREO	18.6 mt grading 1.38% TREO
1.5% TREO	6.2 mt grading 2.05% TREO	5.1 mt grading 1.83% TREO

TREO – total rare earth oxides including yttrium. In-situ - no geological losses applied. mt - million tonnes

For further details of mineral resource estimates including breakdowns thereof, please refer to the Report which is available at www.sedar.com.

Mkango is currently completing a pre-feasibility study for the Songwe project.

About Mkango Resources Ltd.

Mkango's primary business is the exploration for rare earth elements and associated minerals in the Republic of Malawi. It holds, through its wholly owned subsidiary Lancaster Exploration Limited, a 100% interest in two exclusive prospecting licenses covering a combined area of 1,751 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, zircon, corundum and niobium 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.

On behalf of the Board of Mkango Resources Ltd.,

"William Dawes"
Chief Executive Officer

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, 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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The TSX Venture Exchange has neither approved nor disapproved the contents of this press release.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.