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## **MKANGO PROVIDES AN UPDATE ON ITS MAJOR DRILL PROGRAMME UNDERWAY AT THE SONGWE HILL RARE EARTHS PROJECT IN MALAWI**

**London / Calgary: August 9, 2018** - Mkango Resources Ltd. (AIM / TSXV: MKA) (the "Company" or "Mkango") is pleased to provide an update on its major diamond drilling programme underway at the Songwe Hill Rare Earths Project ("Songwe") in Malawi. The drilling programme is a key component of the Feasibility Study for Songwe, which is being fully funded by Talaxis Limited ("Talaxis"), a subsidiary of Noble Group Ltd.

- A total of 6,558 metres of drilling had been completed as at August 8, comprising 53 drill holes to a maximum depth of approximately 220 metres
- Multiple zones of carbonatite, the primary host rock for rare earth mineralisation at Songwe, have been intersected to date
- Assay results from the first batch of samples from 8 drill holes totaling 944 metres are expected to be announced by the end of August 2018
- The second batch of samples from 6 drill holes totaling 721 metres were recently dispatched for assay, and further batches of samples will be dispatched in coming weeks
- The drill programme is on track and is expected to total up to approximately 10,000 metres, focused on infill drilling the existing Indicated and Inferred Mineral Resource Estimates, testing extensions to the mineralisation and geotechnical drilling
- Mkango completed two successful drilling programmes at Songwe in 2011 and 2012, totaling approximately 6,850 metres and culminating in a maiden Mineral Resource Estimate. Mkango is targeting announcement of an updated Mineral Resource Estimate, incorporating the results of the latest drill programme, by the end of 2018.

On Mkango publishing a NI 43-101 technical report in relation to the updated Mineral Resource Estimate, Talaxis will invest a further £7 million to fund completion of the Feasibility Study for Songwe.

**William Dawes, Chief Executive Officer, commented:** "The drill programme is on track and we look forward to updating the market with the first set of results. Mkango is developing one of the few advanced stage rare earths projects globally. It is fully funded and well positioned to benefit from growing demand for neodymium and praseodymium used in permanent magnet motors for electric vehicles. Our vision is to develop a major new sustainable source of rare earths in Malawi, with Mkango spearheading development of the sector. We are receiving strong support from the Government of Malawi to fulfil this vision. This includes commitments on infrastructure developments to enhance the already favourable operating environment."

Scientific and technical information contained in this release 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.

## **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](http://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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