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MKANGO ANNOUNCES WARRANT TRANSACTIONS BY TALAXIS AND NON-EXECUTIVE DIRECTOR

London / Vancouver: January 4, 2021 - Mkango Resources Ltd. (AIM/TSX-V: MKA) (the "Company" or "Mkango") is pleased to announce the following events:

Talaxis Warrant Exercise

With the objective of minimising dilution to Mkango shareholders, Talaxis Limited ("Talaxis") has agreed with Mkango to amend the terms of a warrant held by Talaxis (the "Warrant") to enable a cashless exercise. Under this amendment Talaxis has agreed to a cashless exercise of the Warrant for 1,000,000 common shares ("New Shares") in lieu of payment for 12,000,000 Shares at 6.6 pence. The Warrant was due to expire on 31 December 2020. This amendment significantly reduces the dilution to other Mkango shareholders and avoids the Company issuing 12,000,000 shares at a significant discount to the current market price of Mkango Shares. The amendment of the Warrant and the issuance of the New Shares remain subject to TSX-V acceptance.

Following the issuance of the Shares to Talaxis pursuant to the amended Warrant and taking into account the warrant exercise below, Talaxis will increase its ownership of Mkango from 14,285,715 shares to 15,285,715 shares post-Warrant exercise, representing an increase from 10.7% to 11.3% of the issued and outstanding shares. Talaxis maintains its 49% ownership in the Songwe Hill Rare Earths Project (the "Project") and its option to acquire a further 26% interest in the Project by arranging financing for project development including funding the equity component thereof.

Talaxis is a substantial shareholder in Mkango and is therefore a related party as defined by the AIM Rules for Companies. The amendment to the terms of the Warrant is a related party transaction for the purposes of AIM Rule 13 of the AIM Rules for Companies. The directors of Mkango consider, having consulted with the Company's Nominated Adviser, SP Angel Corporate Finance LLP, that the terms of the related party transaction are fair and reasonable insofar as its shareholders are concerned.

Non-Executive Director Warrant Exercise

Mr. Shaun Treacy, non-executive director of Mkango, has exercised warrants for 1,200,000 New Shares at a price of 6.6 pence each, for total proceeds to Mkango of £79,200 (US\$107,000). Following the warrant exercise, Mr. Treacy will own a 1.4% interest in Mkango.

After these two transactions, there are no further warrants outstanding.

William Dawes, Chief Executive of Mkango stated: *"The cashless warrant exercise agreed with Talaxis minimises potential dilution to other Mkango shareholders as the Company enters a transformational period of growth, with anticipated 2021 news flow including results from the ongoing feasibility study for the Songwe Hill rare earths project and the recently completed rutile exploration programme in Malawi, and developments in relation to Maginito and its interest in UK rare earth magnet recycler, HyProMag. Furthermore, the warrant exercise by non-executive director, Shaun Treacy, demonstrates confidence in the Company and the market*

outlook. With the growing global demand for critical materials related to electric vehicles and wind power, Mkango is uniquely positioned in the rare earths sector, where we anticipate increasing market focus and corporate activity."

The New Shares issued Pursuant to the warrant exercises, will rank pari passu with the existing common shares. Application has been made for the New Shares issued to Mr Treacy to be admitted to trading on AIM ("Admission"). It is expected that Admission will become effective and dealings in the Shares will commence on or around January 8, 2021. The New Shares will also trade on the TSX-V.

In accordance with the Disclosure Guidance and Transparency Rules (DTR 5.6.1R) the Company hereby notifies the market that immediately following Admission of the New Shares to Mr Treacy, its issued share capital will consist of 134,200,721 shares. The Company does not hold any shares in treasury. Shareholders may use this figure as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure and Transparency Rules.

Following receipt of TSX-V approval for the amendment to the terms of the Warrant and the issue of the 1,000,000 Shares to Talaxis, application will be made for these New Shares to be admitted to trading on AIM. A further announcement will be made at such time.

About Mkango

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 four exclusive prospecting licenses in Malawi: the Phalombe licence, the Thambani licence, the Chimimbe Hill licence and the Mchinji licence.

The main exploration target in the 51% held Phalombe licence is the Songwe Hill rare earths deposit. This 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 included a 10,900 metre drilling programme and an updated mineral resource estimate, announced in February 2019. In March 2019, the Company announced receipt of a £7 million (C\$12.3 million) investment from Talaxis to fund completion of the Feasibility Study. Following completion of the Feasibility Study, Talaxis has an option to acquire a further 26% interest in Songwe by arranging financing for project development including funding the equity component thereof.

The main exploration targets in Mkango's remaining three 100% held licences are, in the Thambani licence, uranium, niobium, tantalum and zircon, in the Chimimbe Hill licence, nickel and cobalt, and in the Mchinji licence, rutile, nickel, cobalt, base metals and graphite. Mkango recently completed an extensive exploration program following a new rutile discovery within the Mchinji licence.

Mkango also holds a 75.5% interest in Maginito (www.maginito.com) with the balance owned by Talaxis. Maginito was established by Mkango and Talaxis to pursue downstream green technology opportunities in the rare earths supply chain, encompassing neodymium (NdFeB) magnet recycling as well as innovative rare earth alloy, magnet and separation technologies.

Maginito's strategy is underpinned by offtake rights for sustainably sourced primary and secondary raw materials, and geared to accelerating growth in the electric vehicle sector, wind power generation and other industries driven by decarbonization of the economy.

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

About Talaxis

Founded in 2016, Talaxis is a wholly-owned subsidiary of Noble Group Holdings Limited and invests in and develops projects that are related to technology metals, with a special focus on rare earth elements. Talaxis focuses on battery and electric vehicle materials such as nickel, lithium, graphite and vanadium. Talaxis has supply chain partners in the upstream and midstream segments, and also focuses on research and

development solutions for industrial consumers in the downstream segment. Talaxis prioritises sustainable ventures with a strong emphasis on corporate social responsibility. These include projects that contribute to the decarbonisation of the economy and that are aligned with the United Nations Sustainable Development Goals.

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. 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, governmental action relating to COVID-19, COVID-19 and other market effects on global 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 and 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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