

Mkango Raises £750,000 (C\$1.3M) to Advance Rare Earth Magnet Recycling in United Kingdom and Germany, and Launches Strategic Review

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Highlights

- Mkango Resources ("Mkango" or the "Company") has conditionally raised gross proceeds of £750,000 (C\$1.3M) via a direct Company subscription from existing shareholders, including a £150,000 investment by Mkango CEO William Dawes
- Use of proceeds include the acquisition of additional equipment to underpin HyProMag's transition to first commercial sales of recycled NdFeB at Tyseley Energy Park in Birmingham, UK targeted for H2 2024, and orders of long lead time equipment in Germany, unlocking additional grant funding
- Discussions are ongoing with potential strategic investors, project finance providers, grant funding bodies and other sources to finance recycling scale-up opportunities and further technology roll-out
- The Company has completed a significant cost cutting exercise in recent months, whilst streamlining operations to focus on recycling, which has enabled a significant reduction in the ongoing capital requirements for the business
- Mkango is launching a review of strategic options for its advanced stage Songwe Hill Rare Earth Project in Malawi and Pulawy Rare Earth Separation Project in Poland

LONDON and VANCOUVER, British Columbia, March 25, 2024 -- [Mkango Resources Ltd.](#) (AIM/TSX-V: MKA) is pleased to announce that it has conditionally raised gross proceeds of £750,000 (approximately C\$1.3 million) through the issuance, on a private placement basis, of 15,000,000 common shares of the Company (the "Subscription Shares") at a price per Subscription Share of 5 pence ("p") (approximately C\$0.086) (the "Subscription").

William Dawes, Chief Executive of Mkango stated: "Mkango sounded out the market in January of this year with a view to considering a fund raising to pursue all of Mkango's existing business lines. Given the share price decline during this period, the Company has decided to minimise shareholder dilution at the current share price by raising a relatively small amount of money from existing shareholders and myself in order to enable the Company to achieve key milestones for HyProMag. In addition, to ensure enough financial runway to achieve these goals, the Company has implemented a cost cutting exercise which will materially reduce the Company's monthly cash burn.

As part of this process, the Company has decided to launch a review of strategic options for its Songwe Hill Rare Earths Project in Malawi as well as the Pulawy Rare Earths Separation Project in Poland. Mkango believes this strategic review will help maximise returns for its shareholders whilst it seeks to expand its recycling business."

Recycling Near-Term Milestones

HyProMag is commercialising Hydrogen Processing of Magnet Scrap ("HPMS") recycling technology in the UK, Germany and United States. HPMS technology was developed at the University of Birmingham, underpinned by approximately US\$100 million of research and development funding, and has major competitive advantages versus other rare earth magnet recycling technologies, which are largely focused on chemical processes but do not solve the challenges of liberating magnets from end-of-life scrap streams - HPMS provides the solution.

Near term milestones for the recycling business include full commissioning of the recycling plant in the UK

with initial commercial sales of NdFeB by HyProMag targeted for H2 2024, commissioning of the pilot scale (chemical route) recycling plant in UK to produce rare earth oxides and carbonates in H1 2024 and completion of the USA Feasibility Study in H2 2024. Initial production in the UK is targeted at 25-30tpa NdFeB with significant expansion potential.

Based on scaled-up production scenarios for the recycling business, scoping studies to date indicate potential to generate annual revenue of up to US\$50m per site and strong margins at current prices across multiple production centres starting with the UK (100-350tpa), followed by Germany (126-380tpa) and the United States (500tpa), with other jurisdictions such as Japan and Canada being evaluated.

The proposed operating configuration for UK and Germany operations are similar and comprise a Hydrogen Processing of Magnet Scrap (HPMS) recycling vessel, a powder processing plant, presses, sintering furnaces and other magnet manufacturing equipment to produce NdFeB alloys, sintered blocks and finished magnets.

As announced previously, the proposed operating configuration for the United States operations is a modular, hub and spoke model, with the initial deployment of three Hydrogen Processing of Magnet Scrap (HPMS) recycling vessels at the spokes and a central hub comprising of rare earth (NdFeB) alloy and magnet manufacturing, subject to the outcome of the recently commenced USA Feasibility Study which is being funded by CoTec Holdings Inc ("CoTec").

The Subscription

Mkango has conditionally raised gross proceeds of £750,000 (approximately C\$1.3 million) through the issuance, on a private placement basis, of 15,000,000 Subscription Shares at a price per Share of 5p (approximately C\$0.086). The net proceeds of the Subscription after fees is expected to be £720,000 (approximately C\$1.2 million). The issue price equates to a discount of 25.7% and 21.8% to the trailing five-day volume weighted average price ("VWAP") of Mkango's shares on AIM and TSX-V respectively. The Company intends to use the net proceeds of the Subscription to acquire additional equipment for the UK recycling business to underpin HyProMag's transition to first commercial sales of recycled NdFeB in the UK targeted for H2 2024, orders of long lead time equipment in Germany, and to fund ongoing recycling and corporate costs.

William Dawes, CEO and a director of the Company, has agreed to subscribe for 3,000,000 Subscription Shares, for £150,000. Following the Subscription, William Dawes will be the beneficial owner of, and will directly or indirectly control, a total of 12,521,443 Shares in the Company, which will represent 4.66% per cent. of the enlarged share capital of the Company (post-completion of the entire Subscription). Following completion of the Subscription, William Dawes will hold 3,975,238 Shares in his own name, with 8,546,205 of the Shares controlled through Leo Mining & Exploration Limited, a company in which William Dawes is a Director and of which he owns 17.3% of the issued and outstanding shares.

Following the Subscription, Resources Early Stage Opportunity Company Ltd will be the beneficial owner of a total of 15,999,747 Shares in the Company, which represents 5.96% per cent of the enlarged share capital.

The Subscription is expected to close on or around 10th April, 2024 and is subject to the receipt of all necessary approvals including the approval of the TSX-V, and admission of the Subscription Shares to trading on AIM.

The Subscription Shares will rank *pari passu* with the Company's existing shares and application has been made for the Subscription Shares to be admitted to trading on AIM ("Admission"). It is expected that Admission will become effective and dealings in the Subscription Shares will commence at 8:00am on or around 10th April, 2024. The Subscription Shares will be subject to a statutory hold period in Canada expiring on the date that is four months and one day from issuance of the Subscription Shares, and will also be listed for trading on the TSX-V, provided that approval of such listing from the TSX-V is obtained.

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 Subscription Shares, its issued and outstanding share capital will consist of 268,453,574 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 Financial Conduct Authority's Disclosure and Transparency Rules.

In connection with the Subscription, Mkango has agreed to pay, at completion of the Subscription, commissions of 5% in cash and 5% in non-transferable broker warrants to Jub Capital Management LLP ("Jub Capital") on funds raised by Jub Capital. The broker warrants will have a term of 3 years from issue and an exercise price of 5p each (approximately C\$0.086). The total number of broker warrants to be issued on completion of the Subscription is 600,000. Payment of the commissions (and issuance of the warrants) to Jub Capital is subject to acceptance of the TSX-V. The shares issuable pursuant to exercise of the broker warrants will be subject to a statutory hold period in Canada expiring on the date that is four (4) months and one day from issuance of the warrants. SP Angel Corporate Finance LLP will be paid a corporate finance fee of £3,000.

The issuance of the Subscription Shares to William Dawes, CEO and a director of Mkango, constitutes a related party transaction under Multilateral Instrument 61-101 - Protection of Minority Security Holdings in Special Transactions ("61-101"). The issuance of the Subscription Shares to William Dawes is exempt from the formal valuation requirements of Section 5.4 of MI 61-101 pursuant to Subsection 5.5(b) of MI 61-101 as no securities of the Company are listed on certain exchanges specified by MI 61-101. The issuance of the Subscription Shares to William Dawes is also exempt from the minority shareholder approval requirements of Section 5.6 of MI 61-101 pursuant to Subsection 5.7(1)(a) of MI 61-101 as, at the time such issuance was agreed to, neither the fair market value of the issuance matter of the issuance nor the consideration therefor exceeded 25% of Mkango's fair market capitalisation. The issuance of the Subscription Shares to William Dawes was approved by the board of directors of Mkango, with William Dawes abstaining from voting.

Related party transaction under the AIM Rules for Companies (the "AIM Rules")

As William Dawes is a director of the Company, his participation in the Subscription also constitutes a related party transaction pursuant to Rule 13 of the AIM Rules. The directors of Mkango, other than William Dawes, consider, having consulted with SP Angel Corporate Finance LLP, the Company's nominated adviser, that the terms of Mr Dawes' participation in the Subscription, are fair and reasonable insofar as the Company's shareholders are concerned.

About Mkango Resources Ltd.

Mkango is listed on the AIM and the TSX-V. Mkango's corporate strategy is to become a market leader in the production of recycled rare earth magnets, alloys and oxides, through its interest in Maginito Limited ("Maginito"), which is owned 79.4 per cent by Mkango and 20.6 per cent by CoTec, and to develop new sustainable sources of neodymium, praseodymium, dysprosium and terbium to supply accelerating demand from electric vehicles, wind turbines and other clean energy technologies.

Maginito holds a 100 per cent interest in HyProMag and a 90 per cent direct and indirect interest (assuming conversion of Maginito's convertible loan) in HyProMag GmbH, focused on short loop rare earth magnet recycling in the UK and Germany, respectively, and a 100 per cent interest in Mkango Rare Earths UK Ltd ("Mkango UK"), focused on long loop rare earth magnet recycling in the UK via a chemical route.

Maginito and CoTec are also rolling out HyProMag's recycling technology into the United States via the 50/50 owned HyProMag USA LLC joint venture company.

Mkango also owns the advanced stage Songwe Hill rare earths project and an extensive rare earths, uranium, tantalum, niobium, rutile, nickel and cobalt exploration portfolio in Malawi, and the Pulawy rare earths separation project in Poland. Discussions with the Government of Malawi in relation to the Mining Development Agreement for Songwe Hill are ongoing.

For more information, please visit www.mkango.ca

Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ('MAR') which has been incorporated into UK law by the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

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. Generally, forward looking statements can be identified by the use of words such as "targeted", "plans", "expects" or "is expected to", "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, receipt of TSX-V approval for the Subscription, the availability of (or delays in obtaining) financing to develop Songwe Hill, and the various recycling plants in the UK, Germany and the US as well as the separation plant in Poland, governmental action and other market effects on global demand and pricing for the metals and associated downstream products for which Mkango is exploring, researching and developing, geological, technical and regulatory matters relating to the development of Songwe Hill, the ability to scale the HPMS and chemical recycling technologies to commercial scale, competitors having greater financial capability and effective competing technologies in the recycling and separation business of Maginito and Mkango, availability of scrap supplies for recycling activities, government regulation (including the impact of environmental and other regulations) on and the economics in relation to recycling and the development of the various recycling and separation plants of Mkango and Maginito and future investments in the United States pursuant to the cooperation agreement between Maginito and CoTec, the outcome and timing of the completion of the feasibility studies, cost overruns, complexities in building and operating the plants, and the positive results of feasibility studies on the various proposed aspects of Mkango's, Maginito's and CoTec's activities. 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 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 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.

For further information on Mkango, please contact:

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This press release does not constitute an offer to sell or a solicitation of an offer to buy any equity or other securities of the Company in the United States. The securities of the Company will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the U.S. Securities Act.

NOTIFICATION AND PUBLIC DISCLOSURE OF TRANSACTIONS BY PERSONS DISCHARGING
MANAGERIAL RESPONSIBILITIES AND PERSONS CLOSELY ASSOCIATED WITH THEM:

1 Details of the person discharging managerial responsibilities / person closely associated

a) Name William Dawes

2 Reason for the notification

a) Position/status Chief Executive Officer

b) Initial notification /Amendment Initial Notification

3 Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor

a) Name [Mkango Resources Ltd.](#)

b) LEI 213800RPILRWRUYNTS85

4 Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted

a) Description of the financial instrument, type of instrument common shares of nil par value each

Identification code ISIN: CA60686A4090

b) Nature of the transaction Subscription

c) Price(s) and volume(s)	Price(s)	Volume(s)
	5 pence	3,000,000

- d) Aggregated information N/A - single transaction as above
- Aggregated volume
- Price
- e) Date of the transaction 25 March 2024
- f) Place of the transaction Outside a trading venue

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