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MKANGO RENEWS PHALOMBE LICENCE UNTIL JANUARY 2019 AND PROVIDES CORPORATE UPDATE

Calgary, Alberta: October 18, 2016 - Mkango Resources Ltd. (TSXV: MKA; AIM: MKA) (the "**Corporation**" or "**Mkango**"), is pleased to announce that the Government of Malawi has granted a further two-year renewal for Exclusive Exploration Licence ("EPL") 0284 ("the Phalombe Licence"), in south-east Malawi. Mkango's flagship project, the Songwe Hill rare earth project ("Songwe"), for which an updated Pre-feasibility study was completed in November 2015, is located in the Phalombe Licence, as are the Nkalonje, Mantrap, Knoll and Namangale prospects.

Songwe and the Nkalonje, Mantrap and Knoll prospects were recently visited by a large delegation of international and Malawian geology and geophysics experts in connection with the €5.4 million HiTech AlkCarb research project led by the Camborne School of Mines, University of Exeter and funded under the European Union's Horizon 2020 Research and Innovation programme in which Mkango (through its wholly owned subsidiary, Lancaster Exploration) is an industry partner. The scope of the research project encompasses building exploration expertise in hi-tech raw materials, improving and developing interpretation of geophysical and downhole data. Of particular relevance to Mkango is the opportunity to better understand the potential for large but unexposed mineralised bodies of carbonatite (the host rock for rare earth mineralisation) on either a prospect or regional scale.

Based on work to date, such targets within the Phalombe Licence may include the summit of Songwe hill (which lies outside and to the south of the Indicated and Inferred Mineral Resource Estimate at Songwe) and the Nkalonje vent system, where, in both cases outcrop is largely fenite (altered country rock) with occasional carbonatite, but there may be potential for underlying and larger zones of mineralised carbonatite. Rare earth mineralisation and mineral assemblages for both the fenite and carbonatite will be evaluated in the context of the geophysics covering the areas, to further assess their potential as future drill targets.

Subsequent visits by some members of the HiTech AlkCarb team together with Mkango management were also made to Namangale in the Phalombe Licence and also Little Ngona and Chikoleka uranium, tantalum and niobium prospects in the Thambani Licence.

Alexander Lemon, President of Mkango, stated:

"The renewal of the Phalombe Licence is a strong validation by the Government of Malawi of Mkango's strategy and progress to date at Songwe, where we have invested significant funds to advance the project from an early stage to a pre-feasibility study. We much appreciate the continued support of the Malawian Government, the Ministry of Natural Resources Energy and Mining, the Geological Survey, the Mines Department and local stakeholders as we continue to progress the project and foster capacity building and collaboration between Malawi and the international community."

About Mkango Resources Ltd.

Mkango's primary business is the 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." Mkango holds, through its wholly owned subsidiary Lancaster Exploration Limited, a 100% interest in two exclusive prospecting licenses in southern Malawi, the Thambani licence and the Phalombe licence.

The main exploration target in the 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. Mkango's strategy for Songwe is to further optimise the project with a view to maximising efficiency and reducing costs, thereby providing a strong platform both for entering into partnerships, marketing and offtake arrangements.

The main exploration targets in the Thambani licence are uranium, niobium and tantalum. In January 2015, Mkango announced the first set of assay results of 142 soil and rock chip samples from 9 trenches, which returned variably anomalous uranium, niobium and tantalum values in most trenches, ranging up to 4.70 % U_3O_8 , 3.25 % Nb_2O_5 in soil and up to 0.42 % U_3O_8 , 0.78 % Nb_2O_5 and 972 ppm Ta_2O_5 in rock chips. In July 2016, the Corporation announced the results of an airborne geophysical survey covering approximately two thirds of the licence area, highlighting a number of significant radiometric and magnetic anomalies.

The company's corporate strategy is to develop new sustainable sources of rare earth elements and other minerals geared to growth in the low carbon "green" economy, technology and the Fourth Industrial Revolution.

Cautionary Note Regarding Forward-Looking Statements

This news release may contain forward-looking statements. 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, delays in obtaining financing or governmental or stock exchange approvals. 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 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 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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