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MKANGO ADVANCES TO PHASE II OF NEODYMIUM ALLOY PROJECT WITH METALYSIS AND RAISES £500,000 IN PLACING

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Calgary, Alberta: September 29, 2017 - Mkango Resources Ltd. (AIM / TSX-V: MKA) (the "Company" or "Mkango") is pleased to announce that it has commenced Phase II of its research and development ("R&D") programme with Metalysis Limited ("Metalysis") and has raised £500,000 (C\$833,333) at 3.5 pence (C\$0.058) per share in a placing (the "Placing").

- Successful Phase I production of a neodymium-iron-boron ("NdFeB") alloy powder has been achieved using Metalysis' solid-state technology
- NdFeB alloys are used to make permanent magnets, critical components of most electric vehicles, direct drive wind turbines and many other high growth applications
- Phase I results support the commencement of a Phase II R&D programme with Metalysis, and a binding joint venture principles and exclusivity agreement for advanced alloys using neodymium or praseodymium with other elements for magnet manufacturing has been signed
- Neodymium and other rare earths used in permanent magnets are also key components of Mkango's advanced stage rare earths project ("Project") in Malawi, so the collaboration with Metalysis significantly enhances the strategic value of the Project
- Neodymium oxide prices have approximately doubled since the start of the year, and the supply - demand outlook for rare earths used in permanent magnets is very positive

Will Dawes, Chief Executive of Mkango, commented: "Mkango is now uniquely positioned in the rare earths sector and these very promising developments provide a strong platform for moving into Phase II R&D. Our collaboration with Metalysis enhances our ability to meet supply chain requirements for accelerating growth in the electric vehicle market, amongst other applications."

This programme is underpinned by our advanced stage Songwe Hill rare earths project in Malawi, where Mkango is spearheading the sustainable development of rare earths for the emerging, global low carbon economy."

Dion Vaughan, Chief Executive of Metalysis, commented: "We are very pleased to commence Phase II of our R&D programme with Mkango. Producing a neodymium-iron-boron alloy illustrates the wide range of advanced alloys Metalysis' process can produce. We look forward to collaborating with Mkango over the coming months on this exciting project."

R&D programme with Metalysis

Proof of concept tests at R&D scale have successfully demonstrated that a NdFeB alloy can be generated using Metalysis' process from a mixed feedstock containing oxides of neodymium, iron and boron.

Metalysis can produce metal alloys directly from oxide feedstock without melting, reducing processing steps and enabling optimised control of metal powder characteristics. Metalysis' powders have proven particularly well suited to 3D printing; one of a number of attributes to be evaluated in the future.

The Phase II, 12-month work programme includes product quality optimisation, test work scale-up, and further analyses of the alloy to determine characteristics such as its morphology, chemical composition, and physical and magnetic properties. Phase II will also incorporate customer appraisal of the product and further investigation of opportunities in relation to 3D printing of magnets.

Mkango and Metalysis have signed a joint venture principles and exclusivity agreement for advanced alloys using neodymium or praseodymium with other elements for magnet development. This includes joint venture principles for commercialising intellectual property rights and/or a licence agreement with Metalysis for the production of neodymium or praseodymium alloy powders. Under these principles, Mkango will hold an 85% interest in the joint venture and Metalysis would receive a 15% carried interest.

The Placing

Mkango has entered into an agreement with Talaxis Ltd ("Talaxis"), a wholly owned subsidiary of Noble Group ("Noble") whereby Talaxis will invest £500,000 (£475,000 net of finders' fees) in Mkango to be completed by way of a Placing of 14,285,715 common shares of Mkango at 3.5 UK pence per common share. As a result, following the Placing, Talaxis will hold an interest of 14.5% in Mkango. Noble Resources International Pte Ltd ("Noble Resources"), a wholly owned subsidiary of Noble, currently holds 12 million common share purchase warrants ("Warrant") which entitle it to acquire one common share of Mkango at a price of 6.6 UK pence until December 30, 2018. Noble Resources has agreed not to exercise that proportion of its Warrants which would result in Noble indirectly holding 20% or more of the outstanding common shares of the Company.

On closing of the Placing, the term of the Warrants and of the services provided to Mkango under the collaboration agreement with Noble Resources announced in December 2016 will be extended to December 31, 2020. Also on closing, the term of the 1,200,000 warrants held by Zenith Advisory Services Pty Ltd. and of the ongoing advisory services provided to Mkango in respect of the Asian and Australian markets, will be extended to December 31, 2020. The Company will pay cash finders' fees totaling £25,000 and issue 714,285 non-transferable finders' warrants ("Finder's Warrants") to Zenith Advisory Services Pty Ltd. in connection with the Placing. Each Finder's Warrant will entitle the holder to acquire one Share for 3.5 UK pence for one year from the closing of the Placing.

The uses of proceeds from the Placing will be to commence Phase 2 R&D with Metalysis, in addition to continued optimisation of the Project, ongoing evaluation of additional opportunities and other expenditures.

The Placing is expected to close on or around October 23, 2017 and is subject to the receipt of all necessary approvals including the approval of the TSX Venture Exchange. The common shares to be issued under the Placing will be subject to a four month resale restriction under Canadian securities laws and the rules of the TSX Venture Exchange. An application will be made for the new shares to be admitted to AIM. Following admission, the Company will have 98,198,187 common shares in issue.

About Metalysis Limited

Metalysis owns a solid-state technology to produce valuable periodic table metal and alloy powders. Invented at the University of Cambridge, UK, the technology provides a more environmentally friendly, efficient process compared to traditional metal production methods.

With commercial partners in industry and academia, Metalysis uses its process to produce powders primarily used in 3D printing, aerospace and automotive advanced manufacturing applications.

The Company is carrying out its Generation 4 ("Gen 4") technological expansion, on track for completion in CY2017.

For more information, please visit www.metalysis.com.

About Mkango Resources Limited

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 Phalombe licence and the Thambani 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 for entering into partnerships, marketing and offtake arrangements. In December 2016, Mkango entered into an agreement with Noble Resources to collaborate in the rare earths sector.

The main exploration targets in the Thambani licence are uranium, niobium, tantalum and zircon.

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

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 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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