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Mkango releases year-end 2023 financial statements

LONDON and VANCOUVER, British Columbia, 30 April 2024 (GLOBE NEWSWIRE) – Mkango Resources Ltd (AIM / TSX-V:MKA) (the “Company” or “Mkango”), is pleased to announce that it has released the Financial Statements and Management’s Discussion and Analysis for the period ending 31 December 2023.

To view the Financial Statements, please click here: [RNS to insert PDF link]

To view the Management’s Discussion and Analysis, please click here [RNS to insert PDF link]

The reports are also available under the Company's profile on SEDAR (www.sedar.com) and on the Company's website (<https://mkango.ca/investors/financials/>).

FULL YEAR HIGHLIGHTS:

- **Mkango continued to cement its leading position and early mover advantage in rare earth magnet recycling via its 79.4% controlled subsidiary Maginito Limited (“Maginito”).**
- **During 2023, Maginito completed the acquisition of 100% of HyProMag Ltd (“HyProMag”) which is targeting commercialising Hydrogen Processing of Magnet Scrap (“HPMS”) technology across multiple jurisdictions, including UK (in H2 2024), Germany (in 2025) and the United States (in 2026).**
- **The HPMS technology was developed to provide the solution for liberating NdFeB magnets from end-of-life scrap streams in a cost effective and energy efficient way with the resulting recycled NdFeB powder fed back into multiple points of the rare earth supply chain including (short-loop) magnet manufacturing, to produce magnets with a significantly reduced carbon footprint, and (long-loop) chemical processing to produce rare earth carbonates and oxides.**
- **The acquisition of HyProMag was supported by a £1.5 million (US\$1.9m) investment by CoTec Holdings Corp. (“CoTec”) into Maginito for a 10% interest, and CoTec’s interest in Maginito increased to 20.6% through the conversion of a £2m (US\$2.5m) convertible loan made to Mkango.**
- **The strategic benefits of HyProMag’s HPMS technology and strong potential to contribute to development of responsible critical mineral supply chains was validated when it was selected for support by the Minerals Security Partnership (“MSP”), a collaboration of 14 countries and the**

European Union to catalyse public and private investment in responsible critical minerals supply chains globally.

- In September 2023, Maginito and CoTec agreed to form a 50/50 joint venture company, HyProMag USA LLC (“HyProMag USA”), to roll-out the HPMS technology into the United States, with CoTec responsible for funding the feasibility study and development costs, subject to the results of the feasibility study.
- HyProMag achieved a major milestone in December 2023, with first production runs of short-loop recycled rare earth magnets completed at the Tyseley Energy Park rare earths hub in Birmingham, UK – the first UK production of sintered rare earth magnets on commercial scale equipment in over 20 years.
- The Tyseley scale-up and United States technology roll-out is underpinned by successful piloting at the University of Birmingham (“UoB”) with over 3,000 finished rare earth magnets produced from piloting to date.
- Mkango inaugurated a Board Sustainability Committee in the year and additionally released its first Environmental Social Governance (“ESG”) report - which highlighted the low carbon credentials of its recycling business, and the high Corporate Social Responsibility standards of its Songwe Hill Rare Earths project in Malawi, underpinned by the Environmental Social Health Impact Assessment (“ESHIA”) (to IFC Performance Standards). The ESHIA was approved in January 2023, following completion of the Definitive Feasibility Study in 2022.
- Loss after tax for the year ended 31 December 2023 of \$4,179,951 compared to \$5,985,963 for the year ended 31 December 2022.

SUBSEQUENT EVENTS:

- HyProMag USA engaged BBA USA Inc (“BBA”) and PegasusTSI (“Pegasus”) to complete the Feasibility Study for the USA recycling operations with targeted completion in H2 2024. BBA and Pegasus successfully completed their onboarding process through visits to key manufacturers in Germany, Poland and the HyProMag Plant in Tyseley, UK. Commercial production in the USA is targeted for H1 2026.
- Mkango completed a fund raising of £750,000 (US\$955,000) in April 2024, including a £150,000 (US\$191,000) investment by Mkango CEO, William Dawes, with the proceeds to be primarily used for 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.
- The Group has completed a significant cost-cutting exercise in recent months, whilst streamlining operations to focus on recycling, which has enabled a 35% reduction in the ongoing operating cost requirements for the business.
- 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. In parallel, Mkango is undertaking a review of strategic options for its advanced stage Songwe Hill Rare

Earth Project in Malawi and the Pulawy Rare Earth Separation Project in Poland. The DFS for Songwe Hill and subsequent work identified a number of areas for potential cost optimisation, and the Company continues to evaluate these and other cost reduction opportunities in light of the current weak rare earth market pricing environment.

NEAR TERM MILESTONES:

- **Full commissioning of pilot scale long loop (chemical route) recycling process at Tyseley Energy Park to produce rare earth carbonates and oxides targeted for H1 2024.**
- **Initial commercial sales of NdFeB via HyProMag Ltd's short-loop recycling process at Tyseley Energy Park in the UK targeted for H2 2024.**
- **Completion of HyProMag USA Feasibility Study targeted in H2 2024. Scope comprises hub and spoke model, with three HPMS spokes and one magnet manufacturing hub in Texas.**
- **HyProMag GmbH ("HyproMag Germany") first commercial production in Germany targeted for 2025.**

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

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.

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