

Mkango Resources Ltd

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Mkango Resources says government delegation has expressed satisfaction with development work at Songwe Hills

Mkango Resources Ltd (CVE:MKA, LON:MKA) said a government delegation has expressed satisfaction with development work at its Songwe Hills rare earths project in Malawi.

The Minister of Mining, the Right Honourable Rashid Gaffar MP, visited the project last Friday accompanied by a government delegation that included the Ministry of Mines principal secretary, Dr Joseph Mkandawire.

"I am impressed with the progress of the project, as well as the project's level of transparency and all of the Corporate Social Responsibility taking place. You are doing a commendable job; people here are full of praise for your work. We understand you have invested a lot in this project, therefore as Government, my Ministry will support you so that the future mining operation commences," Gaffar said.

Mkandawire said mining is the future of Malawi and emphasised the need to be aware of the practice to use cleaner sources of energy.

"High strength rare earth magnets which will be made from the Songwe rare earths can be used to manufacture electric motors, which are used in hybrid and electric cars, as well as wind turbines to produce clean energy. Currently, the mining industry in Malawi only contributes approximately 1% to the national budget, but we want to support the mining industry fully in Malawi, to enable the industry to generate a lot of revenue and profits, so that it can benefit the country and its investors, and we can all benefit from the country's resources," Mkandawire said.

The news accompanied the release of second-quarter results from Mkango. As one might expect of a pre-revenue mine development company, Mkango is loss-making.

The second quarter saw mining exploration expenditures rise to US\$613,565 from US\$301,186 the year before work on the feasibility study at Songwe Hills cracks on, which contributed to a widening of the net loss to US\$913,674 from US\$365,739 in the same quarter of 2019.

The company also registered paper-based foreign exchange losses of US\$212,034 this time around whereas last year it recorded forex gains of US\$116,699.

The company had cash of US\$6,440,697 at June 30, 2020, compared to US\$9,530,017 at December 31, 2019.

The board said that the current coronavirus pandemic is having some effect on the progress of the feasibility study, which the company now expects will be completed in the second half of 2021, although it added the usual caveats about uncertainties caused by the pandemic.

Price: 18.25

Market Cap: £24.67 m

1 Year Share Price Graph



January 2020 July 2020 January 2021

Share Information

Code: MKA

Listing: LSE

52 week High Low
 19.9 2.2

Sector: Rare earths & specialist minerals

Website: www.mkango.ca

Company Synopsis:

Mkango Resources Limited is developing the 51% owned Songwe Hill rare earths project in Malawi with the ongoing bankable feasibility study funded by strategic partner, Talaxis Limited, a subsidiary of Noble Group. In parallel, Mkango is developing complementary downstream technologies via its 75.5% interest in green technology incubator, Maginito.

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Operations at HyProMag, a company focused on rare earth magnet recycling, are continuing where possible, in line with current UK government guidelines; Mkango has a 25% interest in HyProMag.

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