

# Maginito Completes Acquisition of Pioneering Rare Earth Magnet Recycler HyPromag

03.08.2023 | [ACCESS Newswire](#)

## HIGHLIGHTS:

- Maginito (Mkango 90%; CoTec 10%) completes transaction to increase its ownership in HyProMag to 100%
- £1 million (C\$1.7 million) cash consideration, funded from existing working capital in Maginito; and
- 9,742,031 Mkango shares equivalent to £1m (C\$1.7m) at a price per share of 10.26 pence
- Maginito targeting first production from the UK in 2023 and Germany in 2024, with parallel technology roll-out into the US

LONDON, UK / VANCOUVER, BC / ACCESSWIRE / August 3, 2023 / [Mkango Resources Ltd.](#) (AIM/TSX-V: MKA) (the "Company" or "Mkango") is pleased to announce that, further to the previous announcement on May 16, 2023, Maginito Limited ("Maginito") has completed the transaction to increase its ownership in HyProMag Limited ("HyProMag") to 100% for a cash and share consideration (the "Transaction").

The consideration payable to the selling HyProMag shareholders (the "Vendors") comprises £1m (C\$1.7m) in cash and the issue of 9,742,031 Mkango common shares (the "Consideration Shares") equivalent to £1m (C\$1.7m) at a price equal per share to 10.2648 pence based on the volume weighted average price of a Mkango common share on the AIM Market of the London Stock Exchange ("AIM") for the 10 business days ended on May 14, 2023, being the date prior to the date of the share purchase agreement.

In addition, up to a further £3m (C\$5.1 m) may be payable to the Vendors in four tranches, either in cash or in Mkango common shares (at Mkango's option), conditional upon the achievement by HyProMag of certain production milestones in the period to 30 June 2026. The Consideration Shares are subject to a one-year lock up (which includes the four month plus one day statutory hold period applicable in Canada, which expires on December 3, 2023) and the shares which may be issued on milestones will have a six-month lock up (and a statutory hold period applicable in Canada, which will expire four months plus one day after issuance, if any).

Mkango has closed the Transaction as an "Expedited Acquisition" under applicable rules of the TSX Venture Exchange (the "TSX-V"). Mkango intends to seek TSX-V approval for the Transaction in accordance with the rules applicable to Expedited Acquisitions.

Under the terms of the Transaction, if Maginito is listed on a recognised stock exchange, Mkango is entitled to transfer shares of Maginito held by Mkango equivalent in value to the milestone payments (instead of issuing Mkango shares) to the Sellers, upon the attainment of the milestones.

## Admission to trading on AIM and Total Voting Rights

Application has been made for the Consideration Shares, which will rank pari passu with the existing common shares of no par value each ("Common Shares") of the Company, to be admitted to trading on AIM ("Admission") and it is expected that Admission of the Consideration Shares will become effective and dealings will commence at 8:00 a.m. BST on or around August 4, 2023.

Following the issue of these Placing Shares, the total issued share capital of the Company will consist of 253,172,896 Common Shares. The Company does not hold any Common Shares in Treasury. Therefore, the total current voting rights in the Company following Admission will be 253,172,896 and this figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company

under the FCA's Disclosure Guidance and Transparency Rules.

## Maginito

Maginito is focused on developing green technology opportunities in the rare earths supply chain, encompassing neodymium (NdFeB) magnet recycling as well as innovative rare earth alloy, magnet, and separation technologies.

As a result of completion of the Transaction, Maginito holds a 100% interest in HyProMag focused on short loop rare earth magnet recycling in the UK, a 90% direct and indirect interest (assuming conversion of Maginito's recently announced convertible loan) in HyProMag GmbH, a company focused on short loop rare earth magnet recycling in Germany, and a 100% interest in Mkango Rare Earths UK Ltd ("Mkango UK"), a company focused on long loop rare earth magnet recycling in the UK via a chemical route. A new US subsidiary, to be jointly owned by Maginito and CoTec, is expected to be formed to develop rare earth recycling opportunities in the United States.

In March 2023, CoTec invested £1.5 million (C\$2.6 million) into Maginito, and Maginito and CoTec agreed to collaborate on the commercialisation of downstream rare earth technologies in the United States. Mkango UK was at the same time transferred to become a subsidiary of Maginito. In connection with CoTec's investment, John Singleton, Chief Operating Officer of CoTec, was appointed to the Board of Maginito.

## HyProMag

HyProMag was founded in 2018 by the late Professor Emeritus Rex Harris, former Head of The Magnetic Materials Group ("MMG") within the School of Metallurgy and Materials at the University of Birmingham ("UoB"), Professor Allan Walton, current Head of the MMG, and two Honorary Fellows, Dr John Speight and Mr David Kennedy, leading world experts in the field of rare earth magnetic materials, alloys and hydrogen technology, with significant industry experience. The HPMS process for extracting and demagnetising NdFeB alloy powders from magnets embedded in scrap and redundant equipment was originally developed within the MMG and subsequently licenced to HyProMag. The MMG has been active in the field of rare earth alloys and processing of permanent magnets using hydrogen for over 40 years. Originated by Professor Emeritus Rex Harris, the hydrogen decrepitation method, which is used to reduce NdFeB alloys to a powder, is now ubiquitously employed in worldwide magnet processing.

Under the terms of the Transaction, the founding Directors and management of HyProMag will continue to provide support and work closely with Maginito to further scale-up and roll-out the HPMS technology.

HyProMag is establishing short loop recycling facilities for NdFeB magnets at Tyseley Energy Park in Birmingham, UK and other locations using the patented HPMS process to provide a sustainable solution for the supply of NdFeB magnets and alloys for a wide range of markets including, for example, automotive and electronics. Short loop magnet recycling is expected to have a significant environmental benefit, requiring an estimated 88% less energy versus primary mining to separation to metal alloy to magnet production. The plant at Tyseley Energy Park is being developed together with the UoB, with a minimum capacity of 100tpa NdFeB (neodymium, iron, boron). This £4.3 million (C\$7.3 million) project is being funded by Driving the Electric Revolution, an Industrial Strategy Challenge Fund challenge delivered by UK Research and Innovation ("UKRI"). The focus of the project is to take the HPMS technology to a greater scale and efficiency with revolutionary new design of processing equipment and extensive automation of processing methods for inert atmosphere powder handling and pressing. HyProMag is the primary industrial user and operator of the plant. First production is targeted for late 2023, which follows successful piloting at the UoB in 2022 as featured on BBC Midlands News: <https://youtu.be/9P-dsNCffWw>.

## HyProMag GmbH

In November 2021, HyProMag established an 80%-owned subsidiary in Germany, HyProMag GmbH, to roll out commercialisation of HPMS technology into Germany and Europe. The remaining 20% equity interest is owned by Professor Carlo Burkhardt of Pforzheim University.

HyProMag GmbH is developing a similar sized plant to that at Tyseley Energy Park and will be the first in

Germany using the patented HPMS process. First production is targeted for 2024. Maginito has entered into a convertible loan agreement (the "Convertible Loan") with HyProMag GmbH. Under the terms of the Convertible Loan, Maginito has granted HyProMag GmbH a loan facility for approximately 2.5 million (C\$3.7 million) available to be drawn down in accordance with an agreed investment plan. Upon conversion of the Convertible Loan, Maginito's direct and indirect equity interest in HyProMag GmbH will increase from 80% to 90%.

This investment by Maginito will contribute to the matched funding requirements to unlock the approximately 3.7 million (C\$5.40 million) grants announced by Mkango on November 23, 2022, for development of the production facility in Baden-Württemberg State.

#### About Mkango Resources Ltd.

Mkango's corporate strategy is to develop new sustainable primary and secondary sources of neodymium, praseodymium, dysprosium and terbium to supply accelerating demand from electric vehicles, wind turbines and other clean technologies. This integrated Mine, Refine, Recycle strategy differentiates Mkango from its peers, uniquely positioning the Company in the rare earths sector. Mkango is listed on the AIM and the TSX-V.

Mkango is developing its flagship Songwe Hill rare earths project ("Songwe") in Malawi with a Definitive Feasibility Study completed in July 2022 and an Environmental, Social and Health Impact Assessment approved by the Government of Malawi in January 2023. Malawi is known as "The Warm Heart of Africa", a stable democracy with existing road, rail and power infrastructure, and new infrastructure developments underway.

In parallel, Mkango and Grupa Azoty PULAWY, Poland's leading chemical company and the second largest manufacturer of nitrogen and compound fertilizers in the European Union, have agreed to work together towards development of a rare earth separation plant at Pulawy in Poland (the "Pulawy Separation Plant"). The Pulawy Separation Plant will process the purified mixed rare earth carbonate produced at Songwe Hill.

Through its ownership of Maginito ([www.maginito.com](http://www.maginito.com)), Mkango is also developing green technology opportunities in the rare earths supply chain, encompassing neodymium (NdFeB) magnet recycling as well as innovative rare earth alloy, magnet, and separation technologies.

Mkango also has an extensive exploration portfolio in Malawi, including the Mchinji rutile exploration project, the Thambani uranium-tantalum-niobium-zircon project and Chimimbe nickel-cobalt project.

For more information, please visit [www.mkango.ca](http://www.mkango.ca)

#### About CoTec Holdings Corp.

CoTec is a publicly traded investment issuer listed on the TSX-V under the ticker CTH, and the OTCQB under the ticker CTHCF. The company is an ESG-focused company investing in innovative technologies that have the potential to fundamentally change the way metals and minerals can be extracted and processed for the purpose of applying those technologies to undervalued operating assets and recycling opportunities, in rare earths, low carbon iron ore (green steel) and copper as the company seeks to transition into a mid-tier mineral resource producer. CoTec is committed to supporting the transition to a lower carbon future for the extraction industry, a sector on the cusp of a green revolution as it embraces technology and innovation.

For more information, please visit [www.cotec.ca](http://www.cotec.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 and CoTec. Generally, forward looking statements can be identified by the use of words such as "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, the availability of (or delays in obtaining) financing to develop Songwe Hill, the Tyseley Recycling Plant, the HyProMag GmbH Recycling Plant, the Mkango UK Pilot Plant, the Pulawy Separation Plant, 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 Maginito's 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 Tyseley Recycling Plant, the HyProMag GmbH Recycling Plant, the Mkango UK Pilot Plant, the Pulawy Separation Plant and future investments in the United States pursuant to the proposed 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 and CoTec disclaim 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 and CoTec undertake 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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SOURCE: [CoTec Holdings Corp.](#)

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/450009--Maginito-Completes-Acquisition-of-Pioneering-Rare-Earth-Magnet-Recycler-Hypromag.html>

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