

Diversifying the rare earth value chain for Europe's green transition

ERMA supports Mkango in development of Puławy separation plant in Poland

Berlin, 11 March, 2022 – Securing critical raw materials for the European market is the main goal of the European Raw Materials Alliance (ERMA). The current issues with Europe's dependency on oil and gas clearly show the importance of diversification of value chains across all strategic industries for the production of green energy.

ERMA is pleased to announce that it will support Mkango Resources Ltd. (AIM/TSX-V: MKA) with securing financing for the development of a rare earth separation plant to be located in Puławy, Poland. This plant will be supplied with rare earth carbonate originating from Mkango's Songwe Hill primary deposit of rare earth elements in Malawi, Africa. The plant will also be able to process other materials supplied by third-party providers thus acting as a future European Hub for rare earth elements separation.

The Puławy project will aid the creation of a secure supply chain option for neodymium, praseodymium, dysprosium, and terbium for the European Union. All these rare earth elements are critical in the production of electric vehicles, wind turbines and other clean energy applications that are key to Europe's Green Agenda.

Dr Massimo Gasparon, ERMA Director, commented: "It is the primary role of ERMA to secure raw materials and raw material supply chains for Europe to support industrial ecosystems and create jobs within the European Union. We cannot do this alone which is why diversifying is so key – this is a multi-national project where we have a Canadian partner, Mkango Resources, accessing critical raw materials in Malawi, Africa, processing them in a plant in Poland, all for the benefit of the European economy. The Puławy project is one of the first ERMA projects to get the greenlight to provide critical raw materials needed to fulfill European goals in the green transition while diversifying the supply chain in the long term."

William Dawes, CEO of Mkango Resources, commented: "We look forward to supporting our partners in Europe with creating a more diverse raw materials value chain. ERMA's support has been and continues to be important for us, and we are happy to be part of its vast network of leading companies in the raw materials sector. ERMA's underlying principles are a great fit with the Mkango's vision and philosophy for the Puławy separation plant and Songwe Hill deposit in Malawi."

ERMA fully supports Mkango's corporate strategy to develop new sustainable primary and secondary sources. Their integrated 'mine, refine, recycle' strategy differentiates Mkango from its peers, uniquely positioning the company in the rare earths sector. This week, Mkango announced that the final stage of hydrometallurgical piloting at ANSTO for Mkango's Songwe Hill Rare Earths Project ("Songwe") in Malawi has successfully produced rare earth carbonate grading 55% total rare earth oxides ("TREO") equivalent, enriched in neodymium and praseodymium ("Nd / Pr") oxides, which together make up 31% of the TREO within the rare earth carbonate product (i.e., Nd / Pr oxides / TREO = 31%). Neodymium and praseodymium are key components of permanent magnets used in electric vehicles, wind turbines and many electronic devices and prices for Nd / Pr oxides have risen by 85% and 135% respectively over the last 12 months.

This cooperation and support with securing financing is one of the first projects resulting from ERMA's strategic initiatives securing rare earth elements for European industry. A first action plan entitled "Rare Earth Magnets and Motors: A European Call for Action" was issued in September 2021. This report outlines current and projected European demand for Rare Earth Elements and steps which should be taken to secure their supply. The Puławy project is addressing several critical issues highlighted in the report.

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About European Raw Materials Alliance (ERMA)

Metals, minerals, and advanced materials are the key enablers for a globally competitive, green, and digital Europe. The European Raw Materials Alliance (ERMA) contributes to ensure a reliable, secure, and sustainable access to raw materials. ERMA's vision is to secure access to critical and strategic raw materials, advanced materials, and processing know-how for EU Industrial Ecosystems. The alliance brings together all relevant stakeholders, including industrial actors along the value chain, Member States and regions, trade unions, civil society, research and technology organizations, investors, and NGOs. ERMA is managed by EIT RawMaterials, a Knowledge and Innovation Community of the European Institute of Innovation and Technology (EIT), a body of European Union.

For more information, please visit erma.eu

About Mkango Resources Limited

Mkango Resources Ltd. (TSX-V/AIM: MKA) is a Canadian mineral exploration and development company listed on the UK and Canadian stock exchanges. The company is developing the Songwe Hill rare earths project in Malawi, with a Feasibility Study nearing completion, and the Puławy rare

earths separation project in Poland, working with Grupa Azoty PULAWY, Poland's leading chemical company and the second largest manufacturer of nitrogen and compound fertilizers in the European Union. Through its 42% strategic interest in HyProMag, Mkango is also developing rare earth magnet recycling projects in the UK and Germany.
For more information, please visit www.mkango.ca

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