



MKANGO RESOURCES LTD.  
550 Burrard Street  
Suite 2900  
Vancouver  
BC V6C 0A3  
Canada

## **MKANGO TO CREATE EUROPEAN RARE EARTHS HUB IN POLAND WITH GRUPA AZOTY PULAWY, POLAND'S LEADING FERTILISER AND CHEMICALS COMPANY**

**London / Vancouver: June 7, 2021** - Mkango Resources Ltd. (AIM/TSX-V: MKA) (the "Company" or "Mkango") is pleased to announce that Mkango and Grupa Azoty Zakłady Azotowe "Pulawy" S.A. ("Grupa Azoty PULAWY") (together the "Parties") have agreed to work together towards development of a rare earth separation plant (the "Plant") in Poland.

A new Polish wholly owned subsidiary of Mkango, Mkango Polska, has been established and a highly experienced Country Director for Poland, Dr Jarosław Pączek, has been appointed, together with rare earth separation experts, Carester, and a strong team of technical advisors and engineers.

Grupa Azoty PULAWY (Warsaw Stock Exchange: ZAP) is part of The Grupa Azoty Group, the European Union's second largest manufacturer of nitrogen and compound fertilizers, and a major chemicals producer. Its products are exported to over 20 countries around the world, including Europe, the Americas and Asia.

The Parties have signed an exclusive lease option agreement for a site adjacent to Grupa Azoty PULAWY's large scale fertiliser and chemicals complex at Pulawy in Poland, which provides excellent infrastructure, access to reagents and utilities on site, and an attractive operating environment, resulting in a highly competitive operating cost position for the Plant, based on scoping studies to date.

Located within a Polish Special Economic Zone, the site provides excellent access to European and international markets. Production from the Plant will strengthen Europe's security of supply for rare earths, used in electric vehicles, wind turbines and other green technology and strategic applications, and aligns with European initiatives to create more robust, diversified supply chains.

Development of the Plant is expected to bring significant benefits to the Mkango group:

- Higher value-added products with increased margins – targeting 2,000 tonnes per year of separated neodymium (Nd) / praseodymium (Pr) oxides, and 50 tonnes per year dysprosium (Dy) and terbium (Tb) oxides in a heavy rare earth enriched carbonate
- Greater integration – plant development fully underpinned by sustainably sourced, purified mixed rare earth carbonate from Mkango's Songwe Hill operations, with other synergies being evaluated
- Increased marketing flexibility with a broader range of potential customers – future opportunities to produce and market separated heavy rare earths
- Catalyst for regional growth and the green transition – potential for further downstream developments and related businesses, including renewables, creating additional jobs in the region

Engagement with financial institutions is underway to accelerate development, and additional strategic partnerships, downstream developments and marketing opportunities are being evaluated.

Feasibility studies for the Plant are being undertaken in parallel with Mkango's Songwe Hill rare earths project ("Songwe") in Malawi and other opportunities, including Mkango's interest in HyProMag Limited, which is developing production of short loop recycled rare earth magnets in the UK.

**William Dawes, Chief Executive of Mkango stated:** *"Development of this Plant will underline Mkango's unique positioning in the rare earths sector. Our integrated "mine, refine, recycle" strategy, encompassing sustainably sourced light (NdPr) and heavy (Dy/Tb) rare earths from Malawi and rare earth magnet (NdFeB) recycling in the UK, via our interest in HyProMag, is now enhanced by the opportunity to create a rare earths separation and downstream hub in Poland, working with one of Europe's largest chemical and fertilizer companies.*

*"Rare earths are a vital component of magnets required in many technologies needed for the green energy transition. Therefore, their security of supply is becoming increasingly important to governments worldwide, especially in Europe and the US. We have carried out extensive due diligence on the site and believe the development of the Plant in Poland will enhance the sustainable supply of rare earths into Europe, as well as bringing significant benefits to the region, creating new jobs and potential, additional, downstream developments.*

*"We very much look forward to working with Grupa Azoty PULAWY and our partners worldwide to create value for all stakeholders and contribute to development of a more robust and sustainable rare earths supply chain."*

**Andrzej Skwarek, Management Board Member of Grupa Azoty PULAWY stated:** *"We look forward to working together with Mkango on this exciting project, which complements the adjacent activities of Grupa Azoty PULAWY, benefiting from synergies in relation to reagents, by-products, utilities and infrastructure. As an industry leader in Poland, Grupa Azoty PULAWY welcomes this potential new development to the region and will continue to support Mkango as it progresses through the feasibility studies."*

**Jarosław Pączek, Mkango's Country Director for Poland stated:** *"This is a very exciting development for Poland at a time when Europe is focused on strengthening supply chains for critical materials and transitioning to a greener economy. The creation of a new European hub for rare earths at the heart of central Europe in Poland complements battery, electric vehicle and renewable energy developments in the region, with a site strategically located for European trade and transport routes and benefiting from plug and play access to reagents and utilities. I look forward to working with Mkango and Grupa Azoty PULAWY on this groundbreaking project for Poland and Europe."*

### **Pulawy Rare Earths Separation Plant**

The Plant is expected to initially produce approximately 2,000 tonnes per year of neodymium, praseodymium and / or didymium (NdPr) oxides as well as a heavy rare earth enriched carbonate, containing approximately 50 tonnes per year dysprosium and terbium oxides. It is also expected to produce lanthanum cerium carbonate. Mkango is evaluating marketing and processing options for the heavy rare earth enriched carbonate and lanthanum cerium carbonate. The Plant will use best-in-class, conventional and proven technology, and will benefit from excellent rail and road infrastructure as well as the direct supply of the required processing reagents from Grupa Azoty PULAWY. It will also have access to a local skilled workforce, on-site engineering and project development expertise and R&D science institutes.

Based on scoping studies undertaken to date, the Plant is expected to have highly competitive operating costs.

### **Feasibility Studies and Technical Team**

Extensive scoping studies and due diligence has been completed to date on the Plant site. Further feasibility studies will be completed by Carester, SENET (a DRA Global Group Company) and a local engineering firm, Prozap, together with support from Grupa Azoty PULAWY. The Carester team has extensive operating and advisory experience in rare earth separation at industrial scale, and will also provide ongoing technical support during

construction and operation of the Plant. Mkango is also working closely with ANSTO to optimise feed specifications for the Plant.

Mkango will also be supported by its Chief Technical Advisor, Mike Vaisey, formerly Vice President, Research and Technology, for Lynas Corporation. Mr Vaisey has 25 years of international experience in the mining and chemical industries, in senior operational and technical development roles, with a track record of successful technology commercialisation.

Development of the Plant is expected to be underpinned by the sustainable supply of a purified mixed rare earth carbonate from Mkango's Songwe Hill project in Malawi. Mkango will also evaluate the potential to process third party feeds.

The feasibility studies for the Plant will run in parallel with those for the Songwe Hill rare earths project.

The Company will seek to maximise the renewable energy content and minimise the carbon impact of the developments in both Malawi and Poland, as part of the feasibility studies.

### **Environmental and Social Benefits**

In addition to synergies with the existing operations, the Plant is expected to bring significant benefits to Poland and the EU, including additional jobs and potential for further downstream value-added developments. It is also expected to support the development of a more robust supply chain for rare earths in Europe and other markets, catalysing the green transition globally.

Sustainability is integral to Mkango's vision and the Company intends to implement robust sustainability policies in Poland to support the Company's ethos of actively engaging with local communities as well as implementing and supporting community-based initiatives.

### **Mkango Polska**

Mkango has established a Polish subsidiary, Mkango Polska, to develop the Plant and investigate other business opportunities in Poland. The Company has appointed Dr Jarosław Pączek as Country Director for Poland and to support the Company's growth in the region. Dr Pączek has been appointed to the board of Mkango Polska.

Dr Pączek holds a PhD in law and is a corporate financier by training. Over his career in private equity, he led teams on many high-profile projects and has sourced and managed transactions in many different industries and geographies. Prior to his career in private equity, Dr. Pączek gained experience as the deputy general director of the largest Polish mobile phone operator and as a lawyer working for Hogan and Hartson, a Washington based law firm. Amongst his various affiliations he is a member of the Chartered Institute of Securities and Investment and a Fellow of the Chartered Institute of Arbitrators.

Scientific and technical information contained in this release has been approved and verified by Nicholas Dempers Pr.Eng (RSA) Reg. No 20150196, FSAIMM of SENET (a DRA Global Group Company), who is a "Qualified Person" in accordance with National Instrument 43-101 -- Standards of Disclosure for Mineral Projects.

### **About Mkango**

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 developing the 51% owned Songwe Hill rare earths project in Malawi with the ongoing Feasibility Study funded through a £12 million investment by strategic partner Talaxis Limited. Malawi is known as "The Warm Heart of Africa", a stable democracy with existing road, rail and power infrastructure, and new infrastructure developments underway. Following completion of the Feasibility Study, Talaxis has an option to

acquire a further 26% interest in Songwe by arranging financing for project development including funding the equity component thereof.

In parallel, through its 75.5% interest in Maginito Limited ([www.maginito.com](http://www.maginito.com)), Mkango is 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. Maginito holds a 25% interest in UK rare earth (NdFeB) magnet recycler, HyProMag Limited ([www.hypromag.com](http://www.hypromag.com)).

Maginito's strategy is underpinned by offtake rights for sustainably sourced primary and secondary raw materials from Songwe and HyProMag, respectively, and is geared to accelerating growth in the electric vehicle sector, wind power generation and other industries driven by decarbonization of the economy.

Mkango also has an extensive exploration portfolio in Malawi, including the recently announced Mchinji rutile discovery, for which assay results are pending, in addition to the Thambani uranium-tantalum-niobium-zircon project and Chimimbe nickel-cobalt project.

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

### **Market Abuse Regulation (MAR) Disclosure**

Certain information contained in this announcement may have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

### **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, its business, the Plant and Songwe. 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, governmental action relating to COVID-19, COVID-19 and other market effects on global demand and pricing for the metals and associated downstream products for which Mkango is exploring, researching and developing, factors relating the development of the Plant, including the outcome of the feasibility study, cost overruns, complexities in building and operating the Plant, changes in economics and government regulation, the positive results of a feasibility study on Songwe and delays in obtaining financing or governmental approvals for, and the impact of environmental and other regulations relating to, Songwe and the Plant. 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 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.

### **For further information on Mkango, please contact:**

#### **Mkango Resources Limited**

William Dawes

Chief Executive Officer

Alexander Lemon

President

[will@mkango.ca](mailto:will@mkango.ca)

Canada: +1 403 444 5979

[alex@mkango.ca](mailto:alex@mkango.ca)

[www.mkango.ca](http://www.mkango.ca)

@MkangoResources

Jarosław Pączek

Country Director, Poland

[JPaczek@mkango.ca](mailto:JPaczek@mkango.ca)

Poland: +48664144130

### **Blytheweigh**

Financial Public Relations

Tim Blythe

UK: +44 207 138 3204

### **SP Angel Corporate Finance LLP**

Nominated Adviser and Joint Broker

Jeff Keating, Caroline Rowe

UK: +44 20 3470 0470

### **Alternative Resource Capital**

Joint Broker

Alex Wood, Keith Dowsing

UK: +44 20 7186 9004/5

### **Bacchus Capital Advisers**

Strategic and Financial Adviser

Richard Allan

UK: +44 20 3848 1642

***The TSX Venture Exchange has neither approved nor disapproved the contents of this press release. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.***

*This press release does not constitute an offer to sell or a solicitation of an offer to buy any equity or other securities of the Company in the United States. The securities of the Company will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the U.S. Securities Act.*