

PRESS RELEASE

08 March 2024

KAVANGO RESOURCES PLC

("Kavango" or "the Company")

ZIM: First Gold Production Commences Immediately

Kavango Resources plc (LSE:KAV), the Southern Africa focussed metals exploration company, is pleased to announce the Company has formed a new subsidiary in Zimbabwe; Kavango Mining (Pvt) Limited ("Kavango Mining"). Kavango Mining will become the Company's mining arm in Zimbabwe and will move into revenue this month.

Further, the Company is pleased to announce it has signed its first contract to commence immediate gold mining operations at the Hillside Project ("Hillside") (the "Mining Contract").

Highlights

- Kavango to take over existing mining operations at Hillside immediately.
- Kavango to fund capital investment and will receive 100% of revenue generated.
- Gold production at Hillside has been consistently profitable for three years.
- Kavango aims to double current production to 1 kilogram ("kg") of gold a month over the course of 2024.
- Current revenue at Hillside is c.US\$30,000 a month, which will be reflected in Kavango's financial reporting from 01 March 2024 (the Mining Contract's effective date).
- Kavango to develop a mining 'growth point' at Hillside by upgrading the project's plant and enhancing local community-led gold extraction to increase near-term production.

Separately, Kavango has an option to acquire Hillside ([announced >>> 25 July 2023](#)), which Kavango is currently renegotiating terms on. The Mining Contract is not contingent on exercising the Option.

Ben Turney, Chief executive of Kavango Resources, commented:

"From this month, Kavango moves into revenue through gold production at Hillside. Following announcement of our maiden gold resource estimate at Nara, this is a second major milestone for the Company this week.

Current revenue at Hillside amounts to around \$30,000 per month and the operation there is already profitable. Continuous production at Zimbabwe gold projects secures the ground and forms an important part of any long-term development plan.

Our objective is to become a significant gold producer in this country, and this is our first step towards achieving this goal. If all goes well, there are other production opportunities we hope to bring to Kavango.

Gold production at Hillside has been consistently profitable for the last 3 years, despite capital constraints. As with most projects in Zimbabwe, the lack of investment capital has held back growth.

There are currently two stamp mills operating at Hillside. Our immediate plan is to add a third stamp mill and to start processing feed material from the four prospects our exploration team has identified here. We also plan to work towards small-scale underground mining to increase production.

We aim to double production to 1kg of gold a month at Hillside, over the course of 2024. Meanwhile, we will continue our wider exploration at Hillside as we seek to discover larger-scale bulk mineable gold deposits."

Gold Production at the Hillside Project

Gold production is currently limited to mining oxides near to surface using small-scale mining methods. Kavango will seek to enhance and add to this, while continuing its wider exploration for potential larger-scale bulk mineable gold deposits.

Current production at Hillside is reported to run at approximately 500g of gold per month.

There are two stamp mills on site and a processing plant with room for immediate expansion. Current production capacity is roughly 600 tonnes a month.

Gold is sold through Fidelity Printers and Refiners, a gold refinery company wholly owned by the Reserve Bank of

Zimbabwe.

Current gross revenue from production is roughly US\$30,000 a month, at current gold price.

Kavango plans to add a third stamp mill to Hillside and fund further upgrades of plant and equipment. This will include capital investment in equipment and installation of a higher load capacity electrical transformer.

In addition to this, Kavango will complete a review of the potential for small-scale underground mining at Hillside. The Company will provide further updates on this in due course.

Headline terms of the Mining Contract:

- Kavango will bear all costs incurred for running and developing mining operations at Hillside.
- Kavango will also receive all revenue generated from gold production at Hillside.
- The Mining Contract can be cancelled with 6 months written notice given either by Kavango or the current Hillside owner.
- In the event of cancellation of the Mining Contract, Kavango will retain all capital equipment and plant it has acquired at Hillside.

Historically, mining activity across Hillside has been restricted because of a lack of available capital. As part of Kavango's commitment to enhancing the local community supply chain and developing a mining 'growth point', the Company intends to invest locally in modern mining skills development and provide access to equipment to support greater community-led gold extraction. This will increase overall short-term production at Hillside and will provide the Company with further valuable exploration data to assess different styles of gold mineralisation and ore being extracted.

Kavango Mining will perform continuous monitoring and evaluation of near-surface mining at Hillside and will appoint a general manager to ensure modern health and safety standards in mining are adopted.

The Hillside Project

The Hillside Project is southeast of Bulawayo in southern Zimbabwe.

Hillside comprises 44 gold claims (the Claims) and contains five historic underground mines.

Separate to the Mining Contract, Kavango has an option to acquire Hillside. The Company is currently renegotiating more favourable terms on the Option, following introduction of the Special Capital Gains Tax ([announced >>> 23 January 2024](#)).

The Company has designated four priority prospects at the Hillside Project with a view to discovering one or more larger-scale gold deposits that are suitable for modern bulk mining. Kavango has started an exploration program at these four prospects, which includes geological mapping, geochemical surveys, geophysical programs, and drilling to assess the geology, style and type of mineralisation, and distribution of grade.

Further information in respect of the Company and its business interests is provided on the Company's website at www.kavangoresources.com and on Twitter at #KAV.

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Kavango Competent Person Statement

The technical information contained in this announcement pertaining to geology and exploration have been read and approved by Brett Grist BSc(Hons) FAusIMM (CP). Mr Grist is a Fellow of the Australasian Institute of Mining and Metallurgy with Chartered Professional status. Mr Grist has sufficient experience that is relevant to the exploration programmes and geology of the main styles of mineralisation and deposit types under consideration to act as a Qualified Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

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